JPRS-WER-86-008

22 January 1986

West Europe Report

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POLITICAL DENMARK

RESEARCH CENTER DEFENDS NONOFFENSIVE DEFENSE POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 85 p 10

[Op Ed article by Bjorn Moller: "A Nonoffensive Defense is not Characterized by Ambiguity." For a translation of the op ed article by Monitor cited in the article below see JPRS WEST EUROPE REPORT No WER-85-106 of 31 Dec 85]

[Text] In BERLINGSKE TIDENDE of 18 November, "Monitor" sent his "greetings" to the new Peace and Research Center, where I have been employed as a researcher since January. His greetings took the form of an attack against the ideas behind the project on the "nonoffensive defense of Europe," which comprises half of the center's activities and in which I participate. Thus, in the name of politeness--but also in the name of objectivity--I must respond to his greetings.

The name of our project, alone, takes some of the wind out of Monitor's sails. First of all, we have avoided the term "defensive defense," which is not especially idiomatic. Secondly, the phrase "in Europe" indicates that we have no utopian concepts of unilateral Danish action, but rather proposals for a change in the structure and strategy of the alliance as a whole--or at least in its European half.

Monitor stated that the entire concept was "characterized by ambiguity." Thus, I will attempt to create some clarity in Monitor's thinking.

The principle behind the nonoffensive defense is to make known--not only in words, but also in "deeds" (i.e. military structure)--that we are neither desirous nor capable of being a threat to the other side. This could create greater stability: an increased "peacetime stability" created by avoiding an expensive and destabilizing arms race. In addition, an increased "crisis stability" would guarantee that a crisis would not get out of control and result in a war.

The latter is perhaps most important, since the absence of crisis stability probably will be the cause of World War III, which must be prevented. A war might well result from a mutual "spiral of escalation," where both sides seek to show determination through military measures that are seen as a threat by the opponent. If, at the same time, the military structures are of such a type that the side that strikes first gains a considerable advantage, then the mutual fear could start a war that no one really wanted. With a defense of another type, however, it would be possible to demonstrate a constant defense capability and will, for example by mobilizing reserves or taking other such measures, as long as these measures were not seen as threatening and as long as one's defense capabilities were not reduced in the process.

Monitor dismisses the idea by ruling out the possibility of reciprocity--that the Warsaw Pact would follow suit and make similar structural changes. First of all, such reciprocity is not to be ruled out--as long as we do not demand immediate and total results. There is actually some debate within the Soviet military as to whether or not tanks, for example, are outdated. In addition, the latest changes in the general staff could indicate that, if nothing else, they have at least admitted the need for new ideas. The West could perhaps help give these new ideas the right direction.

Secondly, complete reciprocity would be unnecessary. The idea behind the defensive defense, after all, is to specialize in defense. This would entail the "advantages of specialization": the possibility of utilizing the terrain, preparing one's positions in times of peace, foregoing large, expensive weapons systems, etc. The same level of spending could provide greater defense capabilities. But of course a country such as Denmark--regardless of its defense structure--could not manage a total defense alone against a country such as the Soviet Union--which, by the way, no one has claimed has designs on Denmark.

It is correct to state that a defensive defense cannot prevent an attack. This is a "shortcoming" that it shares with both the present defense structure and practically any conceivable alternative. But it would--like the present structure, only better and without unwanted "side effects"--make it clear to a possible attacker that an attack would not be worthwhile. Thus, it would have a "preventive" effect, not simply by "deterrence," but also by other means.

It must be made clear to our "enemy" that he could not achieve a rapid "fait accompli." This could be done by maintaining the clear ability to effectively reduce his forces.

For this reason, our defenses must not be set up as a "impenetrable" line, but more spread out, either over our entire territory or over a "zone" along our boundaries--or (perhaps best of all) as a combination of the two. In this way, the attacker will see that the farther he penetrates into the country, the more vulnerable he becomes. His strength is worn down. This would make an attack highly unattractive.

So much for the overall considerations in Monitor's criticism. The more specific objections may be discussed briefly.

The assertion that the "importance of air supremacy" is not recognized by the proponents of a defensive defense is simply incorrect. But the battle for air supremacy can occur at several levels. Fighter planes are often criticized, simply because they are unsuitable for this purpose. An effective air defense system that is hidden and perhaps mobile on the ground could also accomplish (at least a major part of) this task, but at a much lower cost--and without the possibility that an opponent could consider this to be a threat.

In his closing remarks, Monitor falls into his own trap. He speaks as if an isolated Danish defense made sense, whether it be with the one structure or the other. A defense Danish defense could not stand alone, he claims. But this is also true of the present structure, at least according to remarks made by Defense Minister Hans Engell in his annual report in 1984. He maintained that the most important task of the defense was to receive and cooperate with foreign reinforcements.

In his specific criticism, Monitor unwittingly gives the best argument precisely for a defensive defense in a larger context. He says, correctly, that even with its present structure the Danish defense cannot be seen as a threat to the Soviet Union. As we know, however, Denmark is not alone. What good would it do, for example, if we only had a stationary air defense system, but used it to protect Danish air bases that were always at the disposal of our allies? What if, like today, they planned to arrive in a crisis situation with ultramodern (and presumably nuclear-armed) planes? Then, of course, the "enemy" would see the Danish defense system as part of a larger military structure that possessed a certain offensive capability and, therefore, could be seen as a threat. As long as Denmark is a member of NATO, the Danish defense can only be seen as a part of NATO.

Now there seems to be a certain chance (only time will tell whether or not it will be successful) to bring about a change in the NATO course. In both West Germany (SPD) and England (Labour) there are forces that, if and when they return to power, probably will initiate a restructuring along the lines indicated above. In this case, a defensive defense in Denmark would become highly meaningful. With these prospects in mind, perhaps some limited steps toward change in Denmark could be significant, namely as a possible catalyst for such a process.

Thus, it is not "absurd" to believe that "frivolous ideas" about a defensive defense system should be included in a future debate over the Danish military. It is doubtful that these ideas could have an effect on the next defense resolution in 1987, but a slightly longer period of time may be needed, in any event, to change something as fundamental as a nation's defense system.

Even though these ideas are not "frivolous," they are certainly still relatively abstract. The only region where there are concrete, well-developed alternative defense models is the central front, the geography of which differs considerably from that of Denmark. Thus, in any event, a considerable amount of research will be needed to develop proposals for concrete changes in the Danish defense system. No one claims to possess patent solutions.

9336
CSO: 3613/38

POLITICAL DENMARK/GREENLAND

INUITS ASSAIL GREENPEACE INTRUSION INTO LIVELIHOOD, CULTURE

West Berlin TAGESZEITUNG in German 26 Sep 85 p 7

[Article by Hans Klueche: "In Greenland Greenpeace is Called 'Greenshit': The Campaign Against the Industrial Seal Hunt Deprives Greenland Hunters of the Basis of Their Existence"]

[Text] Copenhagen (taz). Greenpeace has made itself unpopular among seal hunters in Greenland. They accuse the organization with its campaign against the large-scale commercial slaughter of baby seals, which is directed especially against hunting practices in Canada, of having deprived Greenland's Inuit--also called Eskimos--of the basic means for their survival, since in the wake of the campaign it has been almost impossible to sell sealskins. However, according to Greenpeace, the whole thing is a misunderstanding.

Certainly Alan Pickaver is very familiar with demonstrations, but more as a protest organizer. He is the coordinator of the Greenpeace campaign against the bludgeoning to death of young seals off the Canadian coast. Last September, when in the course of an information tour through Greenland he climbed out of a helicopter in the village of Uummannaq, several hundred Inuit had prepared a truly frosty welcome for him. Whistles sounded, a transparency carried the message "Greenshit," and a sarcastic slogan was making the rounds: "Save the life of an Inuit: buy sealskins!"

At the present time, it is as hard to sell sealskins as it is to sell the proverbial sour beer. At the last auction held this past May by the "Royal Greenland Trade Department" (RGT), the society withdrew its offerings in the face of an average price of 35 Danish krone (one Danish krone = c. DM 9.50) for the skin of a large adult seal. Five years ago, before those sad seal eyes gazed out from Greenpeace posters onto the wearers of fur coats, a ringed sealskin commanded an average price of over DM 100. Between 15,000 and 30,000 skins were sold in the 1970's at semiannual auctions. Today, the RGT has some 70-80,000 unmarketable skins stored in its warehouses in Aalborg, Denmark. At the present time, there are no plans for another auction.

However, about one-fifth of the 50,000 inhabitants of Greenland depend on seal hunting for their living. The high-grade meat of the animals shot serves as food for human beings, with low-grade parts being fed to the sled dogs. Some of the skins are processed for local use as winter clothing, and the rest is sold. Profits from the sales of skins is often the only money earned by a hunter's family. This money is used to purchase items not supplied by nature and which would be hard to dispense with: gasoline, soap, coffee, knives, and lumber.

Greenland's home-rule government, "Greenland's Hjemmestyre," now buys up the skins at subsidized prices--a social assistance program intended to spare the hunters the humiliation of having to live from welfare payments. But the actual situation is known even in the remotest villages. And when Greenpeace spokesman Alan Pickaver arrives in Niaqornat, a small village 800 dogsled hours away from the closest larger settlement of Uummannaq, hunters there challenge him to help them with his organization. Eighty-four people live here, and all depend on seal hunting for their livelihood. After his trip, Alan Pickaver declares: "I believe that I will return to Denmark with very different impressions than those I had when I arrived."

Philipp Lauritzen of the Hjemmestyre also believes that Greenpeace should help the hunters. He, too, believes that the organization shares some of the blame for the catastrophic situation confronting the hunting culture in Greenland. In his view, Greenpeace has developed into an important factor affecting power relationships and opinion shaping in Europe and North America, and now it should use its influence to correct the mistakes as a result of which Greenland's hunters are are suffering. Michael Gylling Nielsen of Greenpeace Denmark admits that his organization shares responsibility for the destruction of the sealskin market. "The consequences for the Greenlanders are based on a number of misunderstandings. Greenpeace is not opposed to the seal hunt in Greenland. We have stressed this time and again in our statements. But I admit that very often, people only read the headlines," he said to taz. But he also criticized Greenland's home-rule government: "If the Greenlanders had taken a clear position against the industrial, commercial seal hunt, they would have been able to clear up the misunderstandings that today are making it impossible for them to sell any more skins." He also added that the Greenlanders had for all too long blindly pursued seal hunting without trying to develop any other alternatives.

12792/13046
CSO: 3620/29

GENSCHER WEIGHS POLITICAL CONSIDERATIONS IN APPROACH TO SDI

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 9 Nov 85 p 1

[Commentary by Claus Gennrich: "Still the Old Tactician"]

[Text] What does Genscher want? This question has kept the Bonn coalition busy for months. It was about the divergent views on SDI. Now another question has come up: where does he stand? The answer is becoming urgent for him. Bonn must make a decision in a few weeks; the ministries must take a position one of these days. The time to play games is getting tight. Lately, Genscher has been emphasizing everywhere his friendship with Kohl: a bit embarrassing, but evidently necessary.

Genscher's stake in the game is the FDP--besides the foreign ministry. Officials can be pushed into the limelight and, as necessary, be disavowed, if, in the end, accommodation to peace within the coalition requires it--the trick is to avoid pinning oneself down despite all innuendos. Under certain conditions, this procedure may also be applied to FDP politicians; however, here Genscher has had some experiences that should be a warning to him. The FDP feels pinned down--to Genscher's skepticism about the SDI. Many have interpreted his reservations, not without reason, as rejection of a national shield over German participation in the SDI.

Representatives of the economic wing, such as Count Lambsdorff, are giving more weight to industry's desire for a national shield. Now, the balancing act should be to explain to the FDP that it wouldn't be obligated to anything more than "skepticism" and certain conditions; a mere exchange of letters between Bonn and Washington--less than a general agreement--would, therefore, be acceptable.

A mantle is already being sewn for Genscher to don; on it, a threefold success story is outlined in glittering letters: No single-handed pushing forward by Bonn in Europe because Britain leads the way with her participation in the SDI, and Italy goes along; an excessive East-West chill has been avoided; and Eureka has improved relations with France. The FDP leaders are painting the label.

Some people, who thought they agreed with Genscher when bragging with warnings against the SDI and with the announcement of another delay in making a decision--as Deputy Feldmann did in the Bundestag and the mass media--, might then be disappointed. So long as Genscher believes that it is useful to permit these people to use the SDI issue for venting their unhappiness over the still-unpopular coalition, they can count on a sort of division of labor with the cautious minister; once the circumstances change, this will change as well.

In the long run, Genscher wants to remain foreign minister--Kohl hasn't promised him that, but this is Genscher's goal. Therefore, he has to be careful in laying out his views. Leading FDP politicians believe there is reason to cautiously indicate to the foreign minister that they support him in this but expect him not to jeopardize the party's determination to stay with the coalition. The SPD is promoting such suspicion; Genscher likes to think of himself as a link between the government and the opposition. He underestimates the danger of accepting repeated praise from within the SPD.

Just as the FDP leaders are convinced that the CDU/CSU will enter into an SDI agreement, they also know that, while the FDP voters value the party's independence, today they want longer-term bonds to the coalition with the CDU/CSU. Genscher is vacillating between these expectations. Something irrational makes him exaggerate: his private war against Kohl's foreign policy advisor Teltschik.

Evidently, Genscher has been unable to recover from the federal chancellor's appointment of somebody as his foreign policy and security advisor and head of an inter-ministerial SDI working group, who is not under the control of the Foreign Ministry. Teltschik's independence irritates Genscher because he considers him a competitor in Kohl's environment. Kohl's confidence in Teltschik, which is based on experience, appears to Genscher like a violation of the chancellor's obligation to show gratitude for the change of government in 1982. Deep down he is unhappy about seeing his own influence diminished. Genscher uses the word "friendship" ever more frequently to describe himself as being indispensable. Politically, this is not wise.

FDP Chairman Bangemann is more successful with his party than in his influence outside. For Bangemann it is unpleasant that Genscher's new "image" in SDI and Eureka matters outshines that of the chairman. But he takes it in stride. He does not consider Genscher a danger; among the FDP leaders, the foreign minister exerts a decisive influence only in his area of competence; there, Lambsdorff is more active. Genscher avoids the appearance of wanting to embarrass Bangemann. But he is the one who determines the details for the SDI.

Since Genscher, with his innuendos, is nibbling away not only at Kohl's, but indirectly also at Bangemann's prestige, the CDU/CSU must back Bangemann and treat him with caution. At times, Genscher is giving the impression that he seeks to put some distance between himself and the CDU/CSU; Bangemann, in most instances, is looking for agreement. Bangemann is frequently imprecise in his statements; yet he has a calming effect within the party and the government coalition. The FDP leaders are concerned about his so-far small influence on the voters. Here, organizer Haussmann wants to lend a helping hand.

Unless he overplays his tactical games, Genscher may be able to pull a few SPD votes over to the FDP--the risk, of course, is that he may also drive others away. A steady force at the helm, free of the passion to gamble, should now step forward--if it exists.

7821
CSO: 3620/90

POLITICAL FEDERAL REPUBLIC OF GERMANY

GERMAN STEEL INDUSTRY INSISTS EC END SUBSIDIES IN 1985

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 13 Sept 85 p 14

[Article by Js: "Additional Subsidies Endanger German Jobs"]

[Text] Structural purification of the European steel industry, which still has to cut back excess steel capacity on the order of 20 million tons, will be carried out primarily on the back of the German steel industry if the steel furnaces in other countries continue to receive subsidies, while German industry goes empty. A report by the Munich Ifo Institute comes to this conclusion in a study performed for the Economic Combine of the Iron and Steel Industry. An additional decrease in capacity by 20 million tons (annual production this year will be about 40 million tons) would cause the direct or indirect loss of 68,400 jobs. Of these, 38,500 would be lost in the steel industry itself, 9,300 in coal mining and supply companies, 6,100 in trade and 5,200 in transport and communications. The additional unemployment would occur almost without exception in regions already having above average unemployment rates. Connected with a further reduction in capacity in the German steel industry--which continues to be the most efficient in Europe--would be risks of price stability and supplies for many small, German steel processors, according to the Ifo Institute.

The Institute thus supports the opinion of the German steel industry that the subsidies should expire at the end of 1985, as originally intended. Of the DM 114 billion approved or paid subsidies in the EC, the German steel industry has received only 7.5 billion, or 6.6 percent, although it produces 30 percent of European steel. On March 26 of this year, the Ministerial Council in Brussels again formally confirmed that steel subsidies may not be paid beyond the end of this year. But at the same time, an additional DM 10 billion was approved primarily for the Italian and French steel furnaces. In the meantime, the Commission prepared proposals to provide additional subsidies in the form of termination assistance to extend beyond the year 1986. Additional discussions are to take place in the Ministerial Council in coming weeks. The Ifo Institute recommends the Federal Government oppose these additional subsidies "if necessary by using political counter-pressure", since it is by no means assured that the additional subsidies would actually serve only for further reduction in capacity.

/12790
CSO: 3620/67

PRESIDENTIAL ELECTION REFORM BACKED BY PRIME MINISTER

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 2

[Editorial: "Sorsa Defends New Form of Election"]

[Text] The reform of the way presidential elections are held proposed by the government is at this point the biggest possible step toward democracy. This was Prime Minister Kalevi Sorsa's appraisal in his speech, the realistic words of which were also directed toward Social Democrat members of Parliament.

The bill is, as we know, part of the Constitution package which the government unanimously submitted to Parliament as early as nearly a year ago. The way these elections are held would be revised such that people would be able to vote directly for officially designated presidential candidates. In the old way, electors would also be chosen in the event that no candidate obtains a majority in a direct election.

A political compromise has threatened to split the Social Democrats because of indecision and a surprisingly equivocal desire for change which, on the other hand, is not approved of in the government coalition, particularly not in the Center Party. At the worst differences of opinion will be shelved until democratization of the way elections are held is well-advanced, as will the other parts of the Constitution package with its national referendum laws.

The division of opinion among the Social Democrats is in part due to the party's dodging the issue of the way the president is elected. The fear gnaws away at those who are undecided that the party's candidate may be elected in the next elections just as if the law were created for them alone. Furthermore, they would like votes given to the presidential candidate to be for the party as well and they would not like to give the public two ballots for the party.

Prime Minister Sorsa announced that he regards the fears born of a two-ballot system to be exaggerated. He does not believe, as do not many others either, that in a real situation those who have voted for Mauno Koivisto would not, for example, vote for electors for another presidential candidate on a second ballot. Besides, a citizen has the right to be that foxy, as Sorsa too quite rightly pointed out.

The prime minister's outspoken speech shows that he stands firmly behind the government's bill. It is to be hoped that his words will also make the party's parliamentary delegation assume a more reasonable stand on reform of the way elections are held.

11,466
CSO: 3617/35

POLITICAL FINLAND

IZVESTIYA ON RELATIONS BETWEEN CENTER PARTY, CPSU

Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 85 p 16

[Article: "'IZVESTIYA' Lauds Unique Relations Between Center Party and CPSU"]

[Text] On Thursday, the Center Party received considerable praise in the Soviet government organ IZVESTIA, which commended the party for its positive attitude toward cooperation with the Soviet Union.

The article's author, IZVESTIA editor Marat Zubko, recently visited Center Party strongholds in Seinajoki and Jyvaskyla and conferred with the party leaders in Helsinki. Zubko was part of a delegation of Soviet journalists visiting Finland.

He describes Finnish agriculture in great detail and afterwards discusses relations between the Center Party and the Communist Party of the Soviet Union.

"It is well-known that the Communist Party of the Soviet Union maintains relations with fraternal parties almost everywhere in the world. In addition to this, the party develops successful contacts with many socialist and social democratic parties. But the CPSU and the Finnish Center Party have shown that cooperation can be developed successfully between the communist and the nonsocialist parties of states which differ in their social systems.

"This example is unique at the present moment," writes Zubko.

He quotes Center Party deputy chairman and Minister of Finance Ahti Pekkala, who says the party is proud it is a nonsocialist party which maintains direct contacts with the CPSU. According to IZVESTIA, Center Party "general secretary" Seppo Kaariainen is very pleased with the level of these relations.

In his article, Zubko devotes a lot of attention to President Urho Kekkonen's activity in the party and to the fact that Kekkonen was an influential factor in the political course of conduct which led to entirely new relations with the Soviet Union.

12327
CSO: 3617/38

POLITICAL FINLAND

PRIME MINISTER'S INTENTIONS UNSURE, WORRY SDP

Helsinki HELSINGIN SANOMAT in Finnish 21 Nov 85 p 7

[Article by Anneli Sundberg: "Social Democrats to Go to Polvijarvi to Hear News from Chairman; Sorsa's Vacillation Creates Uneasiness"]

[Text] The Social Democrat decision-makers are to meet in Polvijarvi this weekend to ask Prime Minister Kalevi Sorsa to stop vacillating and plainly announce whether he intends to stay on as party chairman after 1987.

As the fall wore on, the uneasiness among party members grew to such an extent that it was felt that Sorsa no longer had any grounds for disappointing his supporters and opponents.

Sorsa himself has under no circumstances said that the party council in Polvijarvi will be the place where he answers yes or no. Now, still a couple of days before Polvijarvi, even his closest aides are playing a guessing game as to whether Sorsa will at the party council content himself with just listening to the districts' requests for him to stay on or whether the pressure will force him to give a straight answer.

Polvijarvi is, however, considered to be just about Sorsa's last chance to say no. Leaving the question unanswered will be taken as his consent to stay on.

Although even before the SDP [Social Democratic Party] congress in Lahti in the summer of 1984 Sorsa announced that he might well consider giving up his duties as party leader in 1987, no candidates to succeed him declared themselves. Party members were overly cautious in discussing the chairmanship. This hesitation went on right through the past few months. Sorsa's own vacillation and unwillingness to express his final attitude have led members to believe that there is not yet any real need to look for candidates for the chairmanship.

When the Sorsa government was discussing next year's budget, for a moment it seemed that the fight over the chairman's seat and the Social Democrats' political direction had begun. Party secretary Erkki Liikanen was not satisfied with the results obtained by Environment Minister Matti Ahde and Sorsa in the debate and instead presented himself as the real political leader of the party, demanding changes that were later effected.

The public interpreted it as though Ahde and Liikanen had won the first round in the race for the chairmanship.

The discussion was, however, stifled at the start when Liikanen, appealing to Sorsa's sense of responsibility, demanded that he stay on and denied his own chances of becoming chairman of the SDP.

Ahde soon followed his example.

Regarded as worthy of consideration by Sorsa too, the third of the candidates for the chairmanship, Pirkko Tyolajarvi, had already earlier withdrawn to the peace and quiet of the governorship of Turku.

Liikanen's speech redirected people's gaze toward Sorsa. They began to demand a decision of him in a respectful, but ever firmer tone.

At the district meetings held last weekend it became clear that Sorsa can expect to be unanimously elected at the 1987 party congress if he quickly consents to run. Not even the few discordant notes that were sounded -- women's first secretary Marianne Laxen and assistant city manager Erkki Tuomioja -- outright demanded that Sorsa allow his post to be filled. They would only have liked to respect Sorsa's own desire to rid himself of the party leader's duties.

Prestige Rocked

These past few years Sorsa's prestige in his party has been indisputable; the masses have not had to think where they were going. They have followed their leaders in silence, without asking any more than that. They have felt that Sorsa has both the country's government and the party firmly in hand.

With his prestige Sorsa pushed through the wage agreement now in effect.

The Social Democrats reckon that their misfortunes began at that time. In the opinion of the SDP, the agreement that bears the name of general manager Matti Pekkanen has caused the party inestimable political damage.

The metal workers were steamrollered. This now appears as strike threats affecting next winter.

All the others except the Social Democrats, whose ranks the fines divided badly, benefited from the discussion of the strike fines.

At the workplaces the sponsor of the agreement, Prime Minister Sorsa, who is now trying to patch up what there is to be patched up by revising the labor market rules, was promoted to scapegoat.

Invitations to workplaces, however, became rarer.

He suffered a stinging defeat in the local elections, the worst in Helsinki, Sorsa's own election district.

Members Adrift

The party leaders were in a hurry to draw conclusions. They hurriedly tried to go ahead and free the party from its role of government caretaker. The party leaders were shaken by the fact that many of their own people also felt that the party had amassed too much power.

The active party secretary began to educate members in an opposition alternative while the party chairman became more and more clearly the personification of a great Finnish consensus -- a broad mutual understanding. The Social Democrats began to complain that the party always comes after the nation.

The party functionaries took note of the fact that members in ever larger numbers felt that they were politically adrift as the parliamentary elections were threateningly approaching.

Their nervousness shows that they no longer control debate in the SDP in the same way as they did 1 or 2 years ago. It spurted from the way the president was elected and it changed opinions so that the leaders of the SDP parliamentary delegation were almost forced to control themselves. A young member of Parliament from Helsinki, Arja Alho, labeled the post of prime minister a guarantee for the party. The anger of over 40,000 Social Democratic municipal politicians was aroused over the raising of their local social security contributions. Many Social Democrats were also surprised that the prime minister supported the freezing of the increase in Yleisradio's [Finnish Broadcasting Corporation] license fee. Women and young people got mad because they did not have a chance to discuss the energy policy.

Opponents Are Enjoying Life

The SDP and its chairman's confusion were immediately noted in the other parties. They did not politely wait for the Social Democrats to recover and for Sorsa to be able to make his decision in peace.

Equipped with a quick eye for sizing up the situation, the KEPU [Center Party] leaders threatened to reevaluate the government coalition unless the Social Democrats got their ranks in order.

Right after that the KEPU proclaimed its new centrist coalition and announced that the Social Democrats would be its chief opponents in the coming parliamentary elections.

The Social Democrats have not been able to make any countermoves since they do not even know for sure who will be leading them in their parliamentary election campaign.

Political observers of all colors have predicted that the government will fall by the next round of labor negotiations this winter at the latest. According to the latest appraisal, a balance of terror prevails in the government, one which will probably help it to remain in session until the next elections.

Sorsa has again been shyly asked to help in formulating a wage agreement. So far he has reacted with reserve, waiting to see what the rules of the game guaranteed by him will result in.

The many kinds of political tension are expected to relax when Sorsa decides whether he will stay on as party leader and parliamentary representative and when he announces his decision.

The fall has demonstrated -- if not the new direction of Finland's domestic policy -- that the old claim that war and politics do not need one man is wrong.

11,466
CSO: 3617/35

NO SUPPORT FROM SORSA FOR MARGINAL TAX REFORM

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 29

[Text] Prime Minister Kalevi Sorsa does not support marginal tax reform, at least not the kind of reform in which a 50-percent ceiling would be placed on the marginal tax.

Sorsa feels that this is a demand made by those with high incomes which it is impossible for those parties and labor organizations that see to the interests of those with low incomes to agree to.

The Finnish Employers Association (STK) has proposed a 50-percent ceiling on the marginal tax.

Sorsa also remarked that marginal tax reform would have to be paid for in some way. "It has often been said and even more often thought that this would be accomplished by raising the sales tax. This would be disadvantageous for those with low incomes," the prime minister reminded us.

Reform of the marginal tax is at the present time being studied by the investigating committees formed by all the parties to the wage agreement.

"I do not, however, want to close all doors to discussion of tax reform," the prime minister in the end reassured listeners in his speech at the joint-stock bank seminar on income distribution in Helsinki on Monday.

Young Families with Children

The prime minister also said that the government could be prepared to take some steps toward recovery if a moderate 2-year wage settlement is agreed on.

AKAVA [Academic Professional Commission] chairman Raimo Lehtinen particularly emphasized the poor success of young families with children in the campaign for income distribution. The prime minister listed a number of government actions on behalf of families with children that are included in next year's budget and at the same time called on the parties to the wage negotiations to of their own accord concern themselves with the interests of this group.

In addition to Sorsa, Finance Minister Ahti Pekkala, MTK [Central Association of Agricultural Producers] chairman Heikki Haavisto, the third chairman of the SAK [Central Federation of Finnish Trade Unions], Raimo Kantola, general manager Tapani Kahri of the STK's Public Committee and Raimo Lehtinen participated in the panel discussion that was intended to be the highpoint of the seminar.

The panel discussion was a moderate one, just the kind a wage settlement should be, according to the government and the employers. The employers and AKAVA defended marginal tax reform, whereas SAK, on the other hand, called attention to the ungovernable increase in company profit earnings and wage hikes for company managers.

Confused Income Distribution

This was the third income distribution seminar organized by the joint-stock banks. The joint-stock banks fund income distribution studies were conducted by the Economic Research Institute (ETLA), the Pellervo Economic Research Institute and the Workers Economic Research Institute (TTT).

General manager Pentti Vartia of ETLA explained the differences in income among households and their background. In its investigations ETLA has noticed that educational levels have an effect on income levels; persons with more education generally receive higher wages.

According to Vartia. annual income should be such that it compensates for losses incurred during the educational period. But as long as the current marginal tax prevails, not even high incomes are sufficient to guarantee net incomes that would compensate for educational period losses.

According to Vartia, it should be noted that the distribution of incomes among househods has somewhat evened out with the growth of real average household income. The income-raising effect of education has diminished. Differences in income between men and women have been further reduced and the income level of farmer families has risen in comparison with those of other groups.

General manager Pertti Kukkonen of the PTL [Post and Telecommunications Office], who, basing himself on his office's studies, maintained that two-thirds of the differences in income are due to education and job experience, continued in the same vein.

"Differences in Wages Are Increasing"

TTT researcher Tuovi Allen had investigated how much the income-distribution policy has evened out differences in income and standard of living among households. As an aid in this study, Allen employed the concept of net benefit in which indirect taxes paid in connection with consumption are subtracted from household income and the benefit accruing to households from the employment of public welfare services is added.

In her study Allen came to the conclusion that relatively more welfare services were made use of in the higher income brackets than in the lower ones.

The use of health care services was most evenly distributed while the use of educational and social services also increased with rising income.

Allen further noticed that taxation evenly divides the so-called vertical distribution of income while the so-called horizontal distribution of income remains uneven because of the deduction system, among other things.

This is why single-person households and childless couples whose head of household is over 65 pay less income tax than young, low-income families with children often do.

In commenting on Allen's study, Aila Jokinen, the chairman of TEHY [Health Care Union], the health care industrial union, raised the question as to whether the present distribution of income is such that it cannot be meddled with and whether the government is preventing reform of income distribution through its own actions even though there is probably public approval of it.

11,466
CSO: 3617/35

BOOK ASSESSES COUNTRY'S NEUTRALITY

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 17

[Review by Raimo Vayrynen, professor of international politics, University of Helsinki, of book "Puolueeton Suomi puolueellisessa maailmassa: Suomen turvallisuuspolitiikan haasteita avaruusaseiden aikakaudella" [Neutral Finland in an Unneutral World: Challenges for Finnish Security Policy in the Age of Space Weapons] by Martti Haikio, Kirjayhtyma, 1985]

[Excerpts] Docent and special editor Martti Haikio wants to defend the Finnish viewpoint in an unneutral world. More specifically, he wants to defend the nonleftist Finnish viewpoint.

Against this background, he discusses the fundamental issues of international politics, from the possibility of a major war to the future of communism to the hunger crisis in Africa. The ground covered by the book is really vast.

As a stylistic device, Haikio broaches a large number of questions. They go to the heart of international politics and show that the author knows how to suggest problems about which a shelfful of academic pieces could be written. By no means am I equally certain about the tenability of the answers offered.

Sticking to international politics, I would not dare to claim that "in this century, at least, no one has been able to speak about a balance of power in the world" (p 34). I also doubt whether the Conference on Security and Cooperation in Europe is merely "what the United States and the Soviet Union want it to turn into" (p 72).

Nor do I believe that "the future of communism or the impact of economic reforms in the East European countries will have little to do with the preservation of peace" (p 99).

I could even offer more examples of differences of interpretation.

Power Shift in Foreign Policy

Martti Haikio seems to have put his all into the section on Finland's domestic and foreign policy. Here his central message is that foreign policy has slipped out of the grasp of President Koivisto (who has an equal number of blunders and achievements during his presidency, according to the author) and into that of Prime Minister Sorsa and the Social Democratic Party.

He also criticizes the Center Party for allowing such a power shift to occur. Haikio even gives to understand that part of Finnish decisionmaking in foreign policy has moved outside Finland, to the office of the Socialist International.

It is true enough that Koivisto's style of leadership in foreign affairs differs from that of his predecessors. It is also true that Sorsa's position as prime minister is exceptionally strong.

This does not mean, however, that Koivisto together with the Foreign Affairs Ministry does not have a firm grip on foreign-policy leadership. The impact of the axis on Finnish attitudes and initiatives in international politics is more powerful than Haikio realizes. No party is able to control its activity.

Haikio's analysis may also result from expediency. It is needed to provide the groundwork for his recommendation for the Conservative Party's future political direction. According to him, the Conservative Party's course must be "to aim at the acquisition of power within a few election periods, to make a clear breakaway from the incumbent president and the government which supports him, to adopt the same critical attitude toward all government parties, and, above all, to conduct campaigns with its own watchwords and its own candidates in the approaching parliamentary and presidential elections" (p 170).

With these standpoints, Haikio links himself to the second of the Conservative Party's two internal courses of thought: the one which is not directed at the political center.

12327
CSO: 3617/38

POLITICAL FINLAND

BRIEFS

PAASIKIVI DIARIES REVEAL ANTI-SOVIETISM--KANSAN UUTISET, the main newspaper of the Finnish People's Democratic League and the Finnish Communist Party, closely examines what sort of picture the recently published diaries of President J.K. Paasikivi give of the man himself. "Also characteristic of the man who laid the groundwork for the new line are very vehement anti-Soviet and anti-Russian attitudes, not to mention the outbursts which he continually directed against communists and the Finnish People's Democratic League. At any rate, these features in the personal portrait of the former president arouse wonder in the labor movement's younger members to whom Paasikivi's historical link with the Conservative Party is unfamiliar and who know only the policymaker hewn in granite and praised in stock phrases." In the opinion of KANSAN UUTISET, even now there are discernible signs that "people also want to use Paasikivi's diary entries to harm the current friendship policy. Materials are to be found for that, too. So the possibility exists for a paradoxical situation in which Paasikivi's diary entries are used to damage a policy which goes under his name. Such phenomena must be averted." [Text] [Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 85 p 16] 12327

CSO: 3617/38

POLITICAL GREECE

GOVERNMENT ACCUSED OF USING DIVERSIONARY TACTICS

Athens ENA in Greek 31 Dec 85 p 13

[Article by Panos Loukakos: "The Wolf and the Turks"]

[Text] "Help, a wolf is coming," cried the shepherd boy to have fun with those who rushed to kill the imaginary wolf. They came once, they came twice, they came three times, and the shepherd boy had a lot of fun. Then the real wolf came and the shepherd boy cried out again but no one came. The wolf ate the sheep undisturbed.

The moral of this fable is that one should not deceive his fellow man; that if one lies about certain conditions, either to have fun or for other reasons, he is rusking his credibility when the false conditions become reality.

The government seems to know this fable well but does not seem to get its moral. This became most evident in the last few days.

We had the economic measures--this heavy brick that fell on the heads of the unsuspecting Greeks who were expecting even better days. But before the brick fell, this is what happened:

We opened the Cyprus file, this non-existent file whose opening the government promises every time it faces big problems. At the same time we threw out of Northern Greece nuclear weapons. In reality, NATO had decided to remove these weapons some time ago because they were obsolete and useless. To be precise, it was NATO, not the Greek government, that took out the weapons. This, however, did not prevent the government from boasting.

And while we are opening the Cyprus file and taking out nuclear weapons, we announced the economic measures as an incidental occurrence. Unfortunately, the people do not understand the seriousness of the situation and while we wage the battle for truth and national independence, they go to the streets and demonstrate as they should not.

Then to persuade the unbelievers some terrible things began to happen: American planes enter the Aegean; American and Turkish planes violate Greek air space; and at the same time church property is confiscated and given to the people. Under such circumstances one is at least unpatriotic by demonstrating against the economic measures. One who thinks more of his pocket when the enemises of the national violate the Aegean is at least an enemy of the country. One is at least stupid not to see that soon he will receive a portion of church property to solve his economic problem in the near future. Therefore, no strikes, no demonstrations or protests.

But this game has been played too many times, so it has lost its credibility. Its objectives are too obvious. Besides, it lacks imagination. The same issues come back again and again every time the government faces some problems: The Turks are violating our air space, the Americans do not respect us, nuclear weapons are gone, the Cyprus file is being opened. The game is known and therefore it cannot work. And that is the major danger, because it may develop like the fable of the shepherd.

Nothing rules out that at some point a real crisis may develop in the Aegean. Nothing rules out that the Turkish threat will take on a new dimension. The government knows this well; and so do those who have even elementary knowledge of the problem in the Aegean. Should anything happen, who is going to convince whom that something is indeed happening?

There are some issues the government can play with when it faces problems. And there are other issues with which it should not play. The Aegean is one of them. The problem is too serious to be used for domestic diversion, provided, of course, the government wants to retain its credibility and mobilize the people at a critical moment.

Therefore, the people should be suspicious that something bad is going to happen every time they hear the Cyprus file is being opened or we proudly throw out nuclear weapons. With regard to the air violations, the official of the Foreign Office should remember the fable of the shepherd boy.

7520
CSO: 3521/36

POLL RESULTS ON POPULAR ACCEPTANCE OF U.S. BASES

Athens I VRADYNI in Greek 30 Oct 85 p 5

/Text/ The majority of Greeks wants the American bases to remain even after 1988 when the agreement expires in order to avoid weakening our national defense. On the other hand, the greatest percentage of Greeks ask that the relations between Greece and the U.S. be dependent on the future attitude of the latter toward us. This data was derived from a poll EURODIM conducted last June and used in the Clark Report submitted to the parliamentary session of the North Atlantic Alliance. Specifically, the question asked was:

> "In 1988 when the agreement for the bases expires, it is possible that Greece may decide on their removal. If that happens, some people believe that if the U.S. stops the 70 billion drachma assistance it gives us there will be danger of our defense being weakened. Do you believe the Greek government should:" (%)

Year	1985
Month	June
Keep the bases to avoid weakening our national strength	85
Remove them because there will be no serious danger to our defense	47
No answer	5

The table below refers to Greek-American relations. Forty two percent of those asked side with their dependence on the future U.S. attitude towards Greece. On the other hand, 30 percent desire the gradual improvement of these relations compared to 22 percent in 1982:

Do you believe Greek-American relations should: (%)

Month	Jun	Apr	Jan	Oct	Apr	Oct	Apr	Sep	Mar	Nov	May	Nov	Mar	Oct	Oct
Year	85	85	85	84	84	83	83	82	82	81	81	80	80	78	74
Improve slowly	39	34	39	32	28	26	28	25	22	36	31	28	26	30	40
Remain as they are	9	6	6	9	3	7	3	4	8	7	6	4	8	6	9
Depend on the U.S. attitude toward Greece	42	46	93	42	48	50	56	46	39	41	30	32	36	40	1
Be severed completely	9	12	11	17	22	17	12	23	26	24	29	33	27	18	31
No answer	1	2	1	0	1	0	1	2	5	2	4	3	3	8	19

In the following table, 37 percent of those asked sided with the bases remaining in Greece. Also, 37 percent want the removal of the bases in a few years while 24 percent want their removal "here and now."

> "For many years now we have had bases in Greece for the American military planes and ships. Today, some people want these bases removed. Do you think the American bases should:" (%)

Month	Jun	Apr	Oct	Apr	Sep	Mar	Mar	Nov
Year	1985	1984	1983	1983	1982	1982	1981	1980
Remain	37	26	22	24	21	20	33	31
Be removed	61	73	76	72	79	73	57	57
In a short while	37	38	46	36	*	*	*	*
Right now	24	35	30	36	*	*	*	*
No answer	2	1	2	4	9	7	10	12

The next table shows that 39 percent of those asked want the country to say in NATO. This percentage has steadily increased since October 1979 when it was as low as 10 percent. However, 44 percent want withdrawal from NATO. This percentage has decreased continuously since 1981 when it started with 51 percent and reached 57 percent in 1984.

"As you know, Greece left NATO's Military Organization [MO] but remained in the Political Alliance. Today Greece has rejoined the Alliance's military arm. Do you think Greece should:" (%)

Month	Jun	Apr	Jan	Oct	Apr	Oct	Apr	Sep	Mar	Nov	May	Nov	Mar	Oct
Year	85	85	85	84	84	83	83	82	82	81	81	80	80	79
Stay in the MO	39	34	33	35	21	20	18	17	18	23	27	23	19	10
Leave the MO and stay in the Political Alliance	16	15	20	20	21	25	27	28	23	23	25	30	35	36
Leave NATO completely	44	49	46	44	57	52	54	53	55	51	40	38	37	30
No answer	1	2	1	1	1	3	1	2	4	3	8	9	9	24

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CSO: 3521/36

PASOK ALLEGEDLY URGED TO ADOPT 'RIGHTIST' COURSE

Athens I VRADYNI in Greek 4 Nov 85 pp 1, 3

/Excerpt/ Top government and PASOK cadres are recommending to Premier Papandreou "an opening to the Right" and are warning him that this is the only way to cope with the economic crisis which plagues the country and halt the rapidly on-coming catalytic political repercussions.

The turn to the Right in the economic policy is PASOK's last "desperate maneuver" and is supported by advisors to the premier in two ways: The first refers to the developmental measures to be announced soon and the second to persons who willl bring about the economic policy's implementation or whose presence in the government will at least guarantee to the investors and the people the economy's sound course.

As concerns the first, reliable sources say the premier has already been persuaded and that the developmental measures he is about to announce--as "oxygen to the asphyxiating economy"--will be of "Right character" in order to draw the Greek and foreign private capital.

With regard to the second recommendation, the participation, that is, in the government of personages and technocrats of center-rightist ideology, the premier has not yet reached a definite decision. It is certain, however, that the government will be restructured by the end of the year, while other sources place it at the time when the new budget will be drafted in the Chamber of Deputies (middle of December). Yesterday's article in the pro-government ETHNOS on this question of the appointment of center-rightist personages is characteristic /of speculations/.

Those who recommend the solution of "a broader government" propose to Papandreou the inclusion in it of technocrats such as Xen. Zolotas, professor and former governor of the Bank of Greece, Prof. Ad. Pepelas, a friend of Papandreou, but also a ND Party collaborator having served as governor of the Agricultural Bank under ND, and the former EEC Commissioner G. Kondogiorgis. However, their participation in the new government is not guaranteed.

The same persons proposed to the premier not to limit "this opening" to the economic sector only but to expand it to the political sector also so that the "climate of confidence" we are trying to restore in the economy should be built on foundations of political nature as well.

Politicians Too

Among the names suggested to Papandreou are those of I. Boutros, I. Pesmazoglou and Dion. Livanos (in the recent elections all were elected under the ND banner), G. Mavros and I. Zigdis. Others are suggesting cooperation with the Democratic Renewal of Kon. Stefanopoulos even though he has declared in favor of the "consensus process" and refuses to cooperate with the PASOK government.

Those who suggest this solution point out to the premier that a government on a broader basis could restore a "consensus climate" and the political dialogue which in recent years is in essence absent. The reference yesterday to this solution by the pro-government TO VIMA is characteristic (the gravity in the political confrontation is intensified because of the lack of political dialogue which has now taken the form of acrimony).

In the discussions that have already taken place between the premier and those who propose this solution, all the possibilities were examined and analyzed in the event this solution is adopted--such as the political cost PASOK will suffer from the Left and the "price" it will pay to these political personages for such cooperation with the government.

The "plain proportional" election system is proposed as such a price--a concession which would "appease" the Left. But the scenario of the simple proportional is linked to the scenario of Papandreou becoming president of the Republic as the pro-government ETHNOS also mentioned in an article yesterday.

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CSO: 3521/36

POLITICAL GREECE

CHANGES, MOVES FORESEEN WITHIN PASOK

Athens I KATHIMERINI in Greek 2 Dec 85 pp 1, 3

/Article by Nikos Simos: "Developments Within PASOK in Anticipation of Cabinet Reshuffling"/

/Excerpts/ The prospect of a government reshuffling, which in any event was scheduled for next February before the recent disagreements within PASOK, continue to be the premier's real intention. More than that, Laliotis' recent resignation and its negative impact on the Movement's Left wing and on a section of the electorate--which is certainly affected by another indication of the multisided ideological and personal structure of the party on which it placed its hope--may speed up the reshuffling even before February.

According to PASOK circles, the premier's thinking is formed with two targets in mind. First, to tone down by any means and with some impressive move the clouded atmosphere caused by the economic measures. Since the "specifications" of the EEC loan and the economic reality itself "guarantee" the prospect of a possibly stricter package of economic measures, the projection of a political event which will keep the public preoccupied for a few weeks is considered by Papandreou not only desirable but necessary.

The necessity for such a disorienting maneuver is being reinforced by the impression created with the sequence of deplorable events which took place in the last 2 weeks (the disturbances in Athens by the anarchists, air piracy, bomb explosions).

Shifting Responsibility

Papandreou's second target is tied to the opportunity offered by the pretext of "reshuffling" to get rid of certain individuals who, in this way, would be saddled with the cost of the government's failure, since it is increasingly difficult for Papandreou to distance himself from the errors of ministerial choices and actions--in their implementation--in order to preserve the myth of the premier's infallibility.

According to PASOK circles this objective was predetermined by Papandreou long before his decision to impose economic measures. K. Laliotis was one of the main "targets", a fact which disassociates the causes of his resignation from the rumors about the premier's objections concerning National Radio and TV /ERT/ or the deterioration of the government's decay from the way he was conducting the briefings.

Included in the forthcoming changes, according to the same sources, is the minister of labor, but this does not mean the fate of Giannopoulos, whose position until now was unshakeable, is already set. The impression that the appointment of the new Press Deputy Minister M. Papaioannou is temporary is created by the government's actions on the question of the daily briefings of the political editors. Both Andonis Stratis and the former government spokesman D. Maroudas opposed the abolition of this briefing. Thus, the rumors about the latter's return to his previous post are rekindled.

Other Differences

In the context of possible cabinet changes one should evaluate (a) the silent conflict between Interior Minister M. Koutsogiorgas and his alternate A. Tsouras; (b) the disagreements between Lefteris Verivakis and Vaso Papandreou who has "absorbed" a considerable part of the former's duties; and (c) the declining prestige of Justice Minister G. A. Mangakis because of the decisive stand of the lawyers

At the same time the rumor is daily gaining ground that journalist Efst. Efstathiades will replace I. Kapsis in the event the latter is moved from the post of deputy foreign minister.

Minister of Health and Welfare G. Gennimatas is also a potential target in a cabinet reshuffling in the context of the permier's effort to consolidate in the outside world the impression of a centrist policy, which would indicate not so much a decisive ideological shift but an adjustment of the premier to real needs.

Koutsogiorgas appears to be the spokesman for this policy, taking advantage of his party's origins. Today he is allowed to be the dominant figure in PASOK for an additional reason: he "guarantees" the survival of successors, both political and family relatives, Kastri would select.

However, the reshuffling is also seen as a threat by the premier against the disagreeing members of the ministerial council which expresses to the outside world not only their panic from the political developments but also their disappointment in their puppet behavior in the council meetings. Not only are decisions not made there, as the ministers themselves acknowledge, but they are also forced to listen to the premier's monologues and then "ratify" decisions already made.

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CSO: 3521/53

POLITICAL GREECE

POOR STATE OF NATIONAL EDUCATION DEPLORED

Athens I KATHIMERINI in Greek 21 Dec 85 p 5

[Text] This column has concerned itself repeatedly with the situation in the Supreme Educational Institutions (AEI) and has pointed out the dangers, if this situation continues, that the degrading of university studies and advanced education generally will entail for the very foundations of the nation. A recent event has come to illuminate with a dramatic light the literally deplorable level of these studies and the extent to which the diplomas granted by our AEI's are lacking any substantive weight.

This event concerns the entrance examinations to the newly established Public Administration School, whose results were announced on 11 December. A required formal qualification for those taking the examinations was a degree in advanced education. And some of those who took part in the examinations had also done graduate studies abroad.

Thus, of the 1,080 people who registered for and were accepted for participation in these exams (as being in possession of the formal qualifications required by law), only 383 took the exams. The only logical explanation for the ultimate nonparticipation of the remaining 697 people is that at least most, if not all, of these realized and acknowledged that their schooling did not come up to even the minimum standards, not simply for admission to the Public Administration School, but even for merely participating in the exams without getting scores that would be humiliating for the parties concerned.

Of the 383 who took part in the exams, how many do you think passed--that is, measured up to the standards? Only 29! Of these, 23 are private citizens and 6 are public employees. As for the formal qualifications, 13 have degrees from various departments of the law school--we apologize for not knowing yet all the new subfields and designations--while 5 have degrees from the Pandeios Supreme School of Political Sciences (PASPE), and 3 have degrees from the Supreme School of Economic and Commercial Sciences (ASOEE). Of the 29 who passed, 3 have taken graduate studies, while of all those who took part in the exams the number who had done graduate studies abroad was in excess of 100 persons.

The topics, which were designed to be not at all particularly difficult, especially for graduates of advanced education schools, were: The history topic was the constitutional modifications of 1911. The economics topic was the problematics of dealing with the currency crisis. And the topics in law were "the means of defense available to a person under administrative rule against the illegal acts of such an administration" and "the relations between parliament and the government."

These topics are practically elementary for graduates of the respective branches (political science, economics, and law). But 354 graduates in these branches (with more than 100 having graduate studies) were unable, to a merely passable degree, to expound on these topics, which have been a part of the basic elements of the subject matter of their studies.

Thus, one understands what the true level of these studies has been and how much value the degrees have that are granted by our supreme educational institutions, and what the entire intellectual content is of that which they impart--or rather, fail to impart--to those who study in them. But also it is understood what, in essence and in reality, the "graduate studies" are that many (not all, thank God) are taking abroad, and in doing so spending also the very valuable foreign exchange of the Greek State.

And the blame for this sorry state--a true shame and disgrace for our country--lies equally with those who pursue and those who grant degrees without any substantive weight, and with all of those who have created and who sustain--for reasons of political vote-getting, accompanied by populist "formulas"--the climate of unaccountability and laxity in the sector of advanced education (or, rather, lack of education).

At a time when the very being of peoples and nations and their survival as autonomous units depends on the level of their science and technology and their overall leadership force, a lack of education is tantamount essentially to suicide or a deliberate falling into dependence and decay. This is true especially and particularly for a nation of small numbers such as Greece, which only by promoting the qualitative categories can cope with and counterbalance the quantitative magnitudes associated with the intrigues that surround it.

12114
CSO: 3521/67

NEWSPAPERS' CIRCULATION, FLUCTUATION COMPARED

Athens MESIMVRINI in Greek 2 Nov 85 p 4

[Text] It is interesting to compare the circulation of the Athens newspapers on Thursday 31 October 1985 and that of Thursday 3 November 1983:

TITLES	31 Oct 85	3 Nov 83
AKROPOLIS	9,230	13,110
I AVGHI	4,030	5,040
RIZOSPASTIS	28,240	25,085
I KATHIMERINI	15,753	15,340
TA NEA	94,495	109,095
I VRADYNI	35,285	35,785
ESTIA	6,105	6,815
ELEVTHEROTYPIA	55,590	46,090
MESIMVRINI	24,794	17,220
ELEVTHERI ORA	805	2,195
APOGEVMATINI	62,012	81,300
AVRIANI	70,490	43,260
ETHNOS	87,670	120,780
ELEVTHEROS TYPOS	37,705	23,255
Total	532,126	544,270

A review of the figures shows that:

- Total circulation this year has diminished by 12,444 in the area of the capital.

- The 8 conservative newspapers lost a total of 3,409 readers, having gone from 195,020 to 191,611 papers.

- The 4 newspapers following a pro-government policy lost 3,409 readers, that is, down from 319,225 to 308,245 papers.

- The two leftist newspapers (RIZOSPASTIS and I AVGI) boosted their readership by 2,145.

- Among conservative newspapers, MESIMVRINI, I KATHIMERINI and ELEVTHEROS TYPOS increased their readership. From the pro-government newspapers, ELEVTHEROTYPIA and AVRIANI also went up, as did the RIZOSPASTIS in the leftist field.

Figures are only for Athens-Piraeus circulation.

Among those newspapers that cost 40 drachmas, it seems that mainly the moderate ones and those critical of the government are gaining ground.

/7358
CSO: 3521/48

BRIEFS

PRESIDENT'S CHANGING MEN--The director of the president's of the Republic Press Office changed for the third time (the last one, we hope) during the Kh. Sartzetakis presidency. The first director was Stefanos Sigalas who was appointed when I. Alevras was alternate president of the Republic. He stayed when Sartzetakis was elected but resigned 4 months later when Mikhalis Vaoutsis was appointed in his place. Vaoutsis too resigned 2 days ago. The new director is Filippos Karytinos who has studied political science in Italy and was employed in the Press and Information General Secretariat. /Text/ /Athens TO VIMA in Greek 3 Nov 85 p 48/ 7520

CSO: 3521/36

SLIGHT DECLINE IN TRADE WITH SOUTH AFRICA REGISTERED

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 7

[Article by Roar Ostgardsgjelten]

[Text] There was a slight reduction in Norway's trade with South Africa in the first 10 months of this year. But Norwegian ferro-alloy companies have become more dependent on manganese ore imported from South Africa according to a survey prepared by the Ministry of Trade.

Total commodity trade with South Africa declined by 4.5 percent or 28.3 million kroner in the first 10 months of the year compared to the same period in 1984. The decline, the first since 1981, was due primarily to a volume reduction in imports of copper-nickel plate, crude phosphate, fruit and vegetables and in exports of machinery, canned fish, paper products and silicon carbide.

Imports of products from South Africa declined by 14 percent or 40.1 million kroner in the period from January through October 1985. Imports of fruit and vegetables declined by 77 percent or 33.2 million kroner. Imports of copper-nickel plate fell by 34 percent or 15.1 million kroner while the value of imported crude phosphate fell by 57 percent or 20.4 million kroner.

However imports of manganese ore, which is used by the ferro-alloy industry, showed a value increase of 53 percent and a volume increase of 45 percent. The ferro-alloy industry imported 56.1 million kroner worth of manganese ore in the first 10 months of the year.

Imports of electrolytic manganese metal, which is used by the ferro-alloy industry and the aluminum industry, also rose. The value of the imported electrolytic manganese metal rose by 33 percent or 1.5 million kroner while the volume increased by 1.4 percent.

If we ignore the value increases for manganese ore and electrolytic manganese metal, total commodity imports from South Africa fell by 34 percent in the first 10 months of the year, according to the Ministry of Trade.

The value of Norwegian exports to South Africa showed little change in the first 10 months of the year.

6578
CSO: 3639/51

POLITICAL NORWAY

BUDGET CRISIS LESSON: PROGRESSIVES PART OF GOVERNING BASE

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 3

[Commentary by Lars Hellberg: "Better Government Model Needed"]

[Text] The lesson of this fall's political circus is crystal clear. The government's base is a nonsocialist majority that includes the Progressive Party. The four parties must join forces to find a cooperative model that will guarantee a steady nonsocialist course. At the same time the coalition parties must try to keep the fifth columnists in their own ranks, namely the handful of people who would prefer a socialist government rather than the continuation of nonsocialist rule, under control.

There is no reason to question the loyalty of either the Center Party or the Christian People's Party to the nonsocialist coalition. Both on the government level and in Storting the leaders of the middle parties have regarded ensuring the government's long-term political goals, as expressed in its long-term program, as the prime objective. But the coalition's overall problem is two-sided, one side being the Progressive Party and the other the opposing forces in its own ranks.

If it fails to deal with this two-sided problem things could really fall apart. There is no reason to hide the fact that we have already started off in the wrong direction. It is true that the four parties agreed on a last-minute budget compromise before Christmas. But by then a reasonable spending limit for a national budget had already been exceeded by a wide margin.

Compromises

The Progressive Party could never become a partner in the nonsocialist coalition. But the Storting produced by the last election must be one of compromises. The Labor Party and the Socialist-Left Party are not seeking cooperation but confrontation. This means that whether it wants to or not the government must seek the support of the Progressive Party in order to ensure majority support for its policies. Otherwise the result will be a Storting majority in favor of a different policy or reliance on shifting majorities to pass policy resolutions that lack coherence.

One could say that the task of Prime Minister Kare Willoch and his colleagues is to neutralize the Progressive Party. That can only be done by treating Carl I. Hagen with the respect he is entitled to as a legally elected member of the national assembly. In brief the government must find ways that will enable it to govern. A continued nonsocialist government is not an end in itself. The overriding goal is to guarantee a government that can promote nonsocialist policies.

Political Agreement

When some representatives of the middle parties stated quite seriously that the budget compromise was not a political agreement, the immediate effect was laughable. The government will not get peaceful working conditions before it starts thinking in terms of a four-party model. This can easily be done in many contexts without compromising the government politically.

As an example of how little this would take, let me mention two episodes in December. During the foreign policy debate the chairman of the Foreign Affairs Committee, Jan Petersen, recommended on behalf of the three government parties that a Labor Party proposal be sent to the government without voting on its substance. It had been found necessary to enlist the support of the Progressive Party before making the recommendation to send the Labor proposal to the government. It would not have cost anything to make the recommendation on behalf of the four parties that make up the government's parliamentary base. The same argument applies to a joint nonsocialist bill that was changed after consultation with Hagen during the debate on the Social Affairs Ministry's budget.

Generosity

On the Monday before the budget balancing debate Storting appointed a number of members to various boards and advisory councils. Among the hundreds of names, according to Hagen, there was not a single member of the Progressive Party, which could certainly have come up with the names of a few people who could serve as board members on the board of directors of a local bank. Generosity on the part of the coalition on this type of thing would be a profitable investment.

But the main point is to find a model for consultation and cooperation that is based on real political differences. There is no reason why the coalition should not team up with the Progressive Party on matters where all four parties have similar interests. And the government has nothing to lose by acting with flexibility in situations in which fundamental political principles are not at stake.

As long as the coalition acts in a generous and responsible manner, Hagen cannot bring it down without destroying his own party in the process. When the Labor Party and the Socialist-Left hold out stubbornly, it is natural, as Prime Minister Kare Willoch pointed out last week, to seek contact with representatives who are not trying to mobilize a majority against the government. The parliamentary leader of the Christian People's Party, Harald Synnes, was equally clear when he pointed out somewhat cautiously in the budget balancing debate that the government is in office because the Progressive Party stated a desire for a continued nonsocialist government.

Fifth Columnists

The framework is there. The question is how well the government parties will be able to make use of it. In certain situations their freedom of action is limited by the fifth columnists in their own ranks. It was this small group the opposition appealed to in the budget balancing debate when it concentrated exclusively on the fickle attitude of the middle parties toward Carl I. Hagen and the Progressive Party. The prime minister and the Conservative Party, who had less reason to be satisfied with the details of the budget compromise than anyone else, were not attacked at all.

With regard to the Labor Party and the middle parties it is tempting to quote former Prime Minister Odvar Nordli: "When an elephant initiates a relationship with a mouse a lot can go wrong." Before Christmas the leaders of the Labor Party were trampling around like an elephant in a shop full of glassware. In one breath they heaped scorn on the middle parties' spending alliance with Hagen and in the next they were inviting the same parties to work with them. The opposition was totally blind to the fact that both the Christian People's Party and the Center Party honestly feel the compromise is better than the government's original proposal.

Welded Together

Willoch should thank Gro Harlem Brundtland for helping to weld the coalition more firmly together in this way. At any rate she did not touch the leaders of the two parties. The question is whether the hamhanded advances were not aimed more at the fifth columnists who are looking forward to the collapse of the coalition, as we all know.

One of them offered before Christmas to bet a bottle of a vintage beverage that Hagen would never work himself up to bringing down the government. But his offhand remark was more interesting than the bet itself: "We won't get any help there. We'll have to do the job (overthrowing Willoch) ourselves," as the person in question put it.

Unpredictable

When it comes to those who can with a clear conscience be called the socialists in the Center Party and the Christian People's Party, it is impossible to make any predictions. But here too, the better the government model the coalition arrives at, the harder it will be for them to undermine the cooperation. Paradoxically, clarifying their relations with Hagen will also be the best way for the parties to keep the unruly elements in their own ranks under control. Without this kind of clarification, the government cannot expect to remain in power for very long.

6578
CSO: 3639/51

POLL SHOWS SLIGHT GAIN FOR LABOR, SETBACK FOR CONSERVATIVES

Oslo AFTENPOSTEN in Norwegian 28 Dec 85 p 3

[Unattributed article: "Labor on the Rise"]

[Text] Total support for the Labor Party and its support parties has risen. The three government parties and their support party, the Progressive Party, are behind. That is the situation in the December political barometer from Gallup/Norwegian Opinion Institute [NOI]. Because of the Christmas holiday the poll was taken somewhat earlier in the month than is normally the case.

In the period from 5 to 15 December, 51.4 percent of those asked supported the Labor Party, the Socialist-Left Party and the Liberal Party while 46.9 percent gave their support to the Conservative Party, the Center Party, the Christian People's Party and the Progressive Party. This represents a 0.6 percent gain and a 1.3 percent loss respectively in comparison with the November poll. The biggest changes--in a negative direction--were noted for the Conservative Party and the Center Party. Support for the Labor Party was up to 43.0 percent--the highest level in a very long time.

The figures in the following table show how many people would vote for each part if we had a Storting election tomorrow. Only those who were sure they would vote were counted. They were also asked which party they voted for in the 1985 Storting election. The difference between support shown for the individual parties in response to this question and the actual election results in 1985 was used as a weight factor.

Interviews were conducted in the period from 5 to 15 December 1985 by Gallup/NOI.

	Stor-(1) tings-valget 1981 %	1985 Jan. %	Feb. %	Mars %	April %	Mai %	Juni %	Aug. %	Stor-(1) tings-valget 1985 %	Sept. %	Okt. %	Nov. %	Des. %
Ap. ......(2)........	37.1	40.3	39.4	38.7	38.2	38.9	37.6	37.3	40.8	41.6	41.9	42.6	43.0
DLF ....(3)........	0.6	0.0	0.8	0.2	0.5	0.1	0.3	0.6	0.5	0.6	0.5	0.0	0.3
Fr.p. ......(4).......	4.5	6.2	4.9	4.4	6.1	4.0	3.3	4.1	3.7	4.5	4.1	3.1	3.1
H ....(5).......	31.8	30.6	30.8	32.6	30.6	31.9	33.5	32.8	30.4	29.0	29.8	31.1	30.2
Kr.F......(6).......	9.3	8.6	8.2	8.2	8.3	8.7	8.7	8.9	8.3	7.4	7.6	7.5	7.8
NKP .....(7).......	0.3	0.0	0.1	0.4	0.3	0.1	0.3	0.3	0.2	0.2	0.1	0.0	0.1
RV ....(8).......	0.7	1.0	0.8	1.0	0.9	0.9	0.5	1.3	0.6	0.6	0.7	0.7	0.6
Sp..........(9).......	6.6	5.2	5.5	6.6	7.3	6.5	5.8	5.8	6.6	6.2	6.8	6.5	5.8
SV ......(10).......	5.0	4.7	5.0	4.5	5.3	5.2	5.9	5.7	5.5	6.3	5.8	5.7	5.7
V ....(11).......	3.9	3.4	4.4	2.7	2.3	3.3	3.7	2.9	3.1	3.3	2.7	2.5	2.7
Andre ..(12).......	0.2	0.1	0.1	0.7	0.3	0.3	0.5	0.3	0.4	0.4	0.0	0.4	0.6
Sum: ...(13).......	100.1	100.1	100.0	100.0	100.1	99.9	100.1	100.0	100.1	100.1	100.0	100.1	99.1
Ap. + SV .(14).....	42.1	45.0	44.4	43.2	43.5	44.1	43.5	43.0	46.3	47.9	47.7	48.3	48.7
H + Kr.F. + Sp(15)	47.7	44.4	44.5	47.4	46.2	47.1	48.0	47.5	45.3	42.6	44.2	45.1	43.8
Ap. + SV + V ..(16)	46.0	48.4	48.8	45.9	45.8	47.4	47.2	45.9	49.4	51.2	50.4	50.8	51.4
H + Kr.F. + Sp. + Fr.p. (17).........	52.2	50.6	49.4	51.8	52.3	51.1	51.3	51.6	49.0	47.1	48.3	48.2	46.9

Gallup/NOI/AFTENPOSTEN Political Barometer

Key:

1. Storting election
2. Labor Party
3. Liberal People's Party
4. Progressive Party
5. Conservative Party
6. Christian People's Party
7. Norwegian Communist Party
8. Red Election Alliance
9. Center Party
10. Socialist-Left Party
11. Liberal Party
12. Other parties
13. Total
14. Labor + Socialist-Left
15. Conservatives + Christian People's Party + Center Party
16. Labor + Socialist-Left + Liberals
17. Conservatives + Christian People's Party + Center Party + Progressives

6578
CSO: 363951

POLL SHOWS PINTASILGO-FREITAS STRUGGLE IN SECOND ROUND

Lisbon O JORNAL in Portuguese 13-19 Dec 85 p 6

[Text] Beyond being the candidate who would probably gather the most votes in the presidential elections' first round, Freitas do Amaral could possibly beat any of his adversaries in the second round, but the candidate with the greatest possibility of facing him at that time is Maria de Lourdes Pintasilgo, according to a Marktest poll conducted exclusively for our newspaper.

The study points to the possibility that the "undecided" could assume a decisive role in these elections, just like it happened in previous ones. Indeed, considering only the debate between the candidates who are supposed to have the most chances in a second round (Pintasilgo-Freitas do Amaral), it appears that 8.8 percent of the respondents affirm that they have no choices, and 10.8 percent have no opinion.

Thus, if the first round would have taken place at the time the poll was conducted (7, 8 and 9 December), and taking into account the fact that there are four candidates (Freitas do Amaral, Salgado Zenha, Lourdes Pintasilgo, and Mario Soares), it can be concluded that the first would obtain 32.4 percent of the vote, the second 12 percent, the third 20.1 percent, and the fourth 11.2 percent.

Additionally, Freitas do Amaral would receive more support in Porto than in Lisbon: 38.4 percent, as against 27.1 percent. The difference is more marked when the question is considered in terms of the north and the south. In the first round, Freitas would receive in the north 43.4 percent, and in the south 33 percent.

In a possible second round contest between Freitas do Amaral and Lourdes Pintasilgo, some curious facts can be noted. Pintasilgo would have the advantage in Lisbon, in the southern area, among those between 23 and 34, and 35 to 44 years of age, as well as among women. In this last case, the difference does not even reach one percentage point.

In terms of choices, in the legislative elections, it is noted that the CDS electorate would not give any percentage to Lourdes Pintasilgo. On the other hand, it appears that 5.7 percent of the electorate of the PSD would opt for Pintasilgo and that 13.2 percent of the voters who chose the PRD in the legislative elections would vote for Freitas do Amaral.

Finally, it should be noted that Mario Soares continues to be the candidate with the least chance to beat Freitas do Amaral. In a direct confrontation with the latter in a second round, Soares would obtain 29.6 percent, as against 39.5 percent for Freitas do Amaral; Zenha would obtain 35 percent, as against 41.7 percent for Freitas, and Pintasilgo would receive 38.9 percent, as against 41.6 percent for Freitas.

Em quem vota (1)

	Região (2)					Idade (3)					Sexo(4)		Voto anterior para a AR (5)				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Salgado Zenha	12,0	12,8	8,9	13,1	11,9	11,9	14,3	14,3	12,2	6,4	15,5	8,4	12,4	2,4	27,0	0,0	39,2
Freitas do Amaral	32,4	27,1	38,4	43,4	33,0	35,8	24,1	25,1	38,1	42,1	34,5	30,2	7,7	78,3	3,6	88,3	2,9
Lourdes Pintasilgo	20,1	21,3	17,9	6,3	31,2	16,5	22,8	27,7	9,6	20,0	16,4	23,9	23,4	4,2	62,8	0,0	46,2
Mário Soares	11,2	10,6	8,9	15,5	12,1	13,9	9,6	9,5	14,6	9,7	11,8	10,6	47,0	3,8	0,0	0,0	4,8
Nenhum (6)	7,0	7,4	5,4	9,7	5,2	9,5	11,8	5,8	5,4	1,6	7,1	7,0	3,5	6,5	3,6	0,0	0,0
Sem opinião (7)	17,3	20,7	20,5	12,1	6,6	12,3	17,3	17,5	20,2	20,2	14,8	19,9	6,0	4,7	3,0	11,7	7,0

Segunda volta em quem votaria (8)

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Lourdes Pintasilgo	38,9	40,4	33,9	27,7	49,8	30,1	42,4	52,3	32,6	33,2	38,2	39,6	63,8	5,7	92,3	0,0	76,9
Freitas do Amaral	41,6	38,3	43,7	54,6	38,4	45,1	34,2	36,3	48,9	46,7	44,2	38,9	19,9	88,4	3,6	88,9	13,2
Nenhum	8,8	9,0	10,7	9,4	4,8	16,6	14,3	2,6	8,3	1,9	9,4	8,1	10,9	4,7	3,6	0,0	7,4
Sem opinião	10,8	12,2	11,6	8,3	7,0	8,3	9,1	8,8	10,3	18,2	8,2	13,4	5,5	1,1	0,4	11,1	2,5

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Mário Soares	29,6	27,7	28,6	30,8	36,3	23,4	30,5	32,1	34,3	26,3	31,4	27,7	83,7	6,3	34,3	0,0	46,7
Freitas do Amaral	39,5	34,0	42,9	49,9	44,4	48,5	35,0	32,9	38,0	43,9	40,3	38,6	7,9	83,8	17,6	88,9	13,8
Nenhum	17,8	22,9	15,2	6,5	12,3	21,4	20,7	22,1	15,3	7,6	16,3	19,4	4,0	4,1	47,7	0,0	36,2
Sem opinião	13,1	15,4	13,4	10,8	7,0	6,7	13,8	12,9	12,5	19,9	12,0	14,3	4,4	5,9	0,4	11,1	1,3

	Região					Idade					Sexo		Voto anterior para a AR				
	Total	Lisboa	Porto	Norte	Sul	18/24	25/34	35/44	45/54	+55	Masc.	Fem.	PS	PSD	APU	CDS	PRD
Salgado Zenha	35,0	36,3	34,8	24,1	34,0	26,9	40,8	47,3	29,2	27,0	36,5	33,5	34,4	4,6	77,3	0,0	84,7
Freitas do Amaral	41,7	35,1	43,7	55,3	49,4	49,5	36,7	33,5	43,6	47,4	43,8	39,5	23,4	89,5	11,4	88,9	6,7
Nenhum	11,3	13,3	8,9	9,4	9,0	15,8	12,1	9,6	12,9	6,2	9,3	13,5	16,7	4,5	10,9	0,0	3,9
Sem opinião	12,0	13,3	12,5	11,2	7,6	7,8	10,4	9,5	14,2	19,5	10,4	13,7	5,5	1,4	0,4	11,1	4,8

Key:

1. Candidate preference
2. Region
3. Age
4. Sex
5. Previous preference in the legislative elections
6. None
7. No opinion
8. Candidate preference in the second round

/9871
CSO: 3542/51

SOARES SEEN AS TRUE CANDIDATE OF RIGHT

Lisbon EXPRESSO in Portuguese 13 Dec 85 p 3

[Article by Jose Antonio Saraiva: "Soares: The Siren Song"]

[Text] Unlike what has been written, there is not "one candidate of the right and three of the left."

The division is different.

On one side are Freitas do Amaral and Mario Soares, whose candidacies were well received by the center and the right, and whose election would be taken salmly by these two sectors.

On the other side are Lourdes Pintasilgo and Salgado Zenha, who are only enthusiastically received by the left and who would trouble the right and the center if they were elected.

The proof that this is a proper division of the candidates is to be found in the statements that Soares has been making recently.

Note: To whom is Soares speaking?

Is he speaking to the left, in an attempt to call to its attention the dangers of an eventual Freitas do Amaral victory?

No.

Soares is speaking to the right, in an effort to foment fear in its midst.

He talks about the risks present in Maria de Lourdes Pintasilgo's "populism" (going no further in his attack against the lady engineer since she is more his allied than his adversary as long as she is stealing votes from Salgado Zenha).

He speaks about the "popular front" tendencies of Salgado Zenha, warning the country that his victory in January would mean the return in force to power of the Communist Party.

As for Freitas do Amaral, he only says that the latter does not posses the "courage and firmness" necessary to face the "popular front" danger that is approaching.

What does Mario Soares suggest when he says this?

Soares simply wants to remind the right that in 1975, it was not Freitas do Amaral who was at the forefront of the struggle against the PCP's advance. He was the one who did it.

With these statements, Mario Soares is to be seen as the true candidate of the Portuguese right.

He explains to the right for whom it must vote and the reasons why.

On the one hand, he is warning of a possibility of a return to the time of the "hot summer," a hypothesis that appeared definitely excluded, but which Zenha's candidacy, with the support of the PCP and the PRD, has, according to him, brought back. On the other hand, he projects himself as the sole person able to face such a situation. It is an adroit strategy, and perhaps the only one that could rehabilitate the worn-out image of the former Socialist leader.

He must have convinced himself that he will win few votes in the areas of the PCP and even of the PRD; thus, the only thing left for him to do is to appeal to the fears of the conservative electorate, and, more generally, to all those who felt fear in 1975.

Thus, very probably, Soares' campaign will be just like the one in the summer of 10 years ago.

Mario Soares will try to ensure that the central issue of the electoral debate is the duel between him and Salgado Zenha, leading the country to see in this confrontation the right-left conflict (or, in other words, the struggle between the democratic and the anti-democratic forces).

In Soares' statements, Zenha will appear like a man who let himself become an instrument of the PCP, and who is destined to have no better a future than the one merited by Vasco Goncalves and Francisco da Costa Gomes.

If the play is well produced, part of the right may be tempted to believe that Mario Soares, and not Freitas do Amaral, is the true guarantor of its safety.

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CSO: 3542/50

PINTASILGO SEEN DEFEATING FREITAS IN SECOND ROUND

Lisbon EXPRESSO in Portuguese 21 Dec 85 pp 1, 3

[Excerpts] If the presidential elections had taken place last weekend, Lourdes Pintasilgo would have reached the second round, together with Freitas do Amaral, at which time she would have been in an ideal position to win. This is the result of a poll conducted by the EXPRESSO-Euroexpansao between 13 and 15 December.

Meanwhile, it is the former leader of the Social Democratic Center Party who is ahead, gathering in a first round 40.7 percent of the vote. He is followed by Lourdes Pintasilgo, with 30.1 percent, more than Soares (15.3 percent) and Salgado Zenha (13.9 percent).

While Freitas do Amaral retains almost all of the voters who voted for the PSD or the CDS on 6 October (89 and 92.1 percent respectively), neither Soares nor Zenha are seen to obtain significant results from the electorate of the parties that support them. The socialist leader only garnered the votes of 58.4 percent of the PS electorate, and Salgado Zenha received 35 percent of the PRD vote and 42.3 percent of the APU. Of course, it is precisely among the voters of these two parties, as well as from those who either voted for small political groups or abstained in the parliamentary elections, that Pintasilgo receives most of her support: 52.8 percent of the Renovators, 50.0 percent of the APU voters and 76.5 percent of those who abstained or voted for small groups.

Pintasilgo also penetrates the socialist electorate (15.4 percent), more so than Salgado Zenha (13.1 percent) who was a militant and leader of the PS.

It is important to note the decrease in the number of undecided voters or of those who said they would abstain. While in October they were 55.6 percent, this figure has decreased today to 23.3 percent.

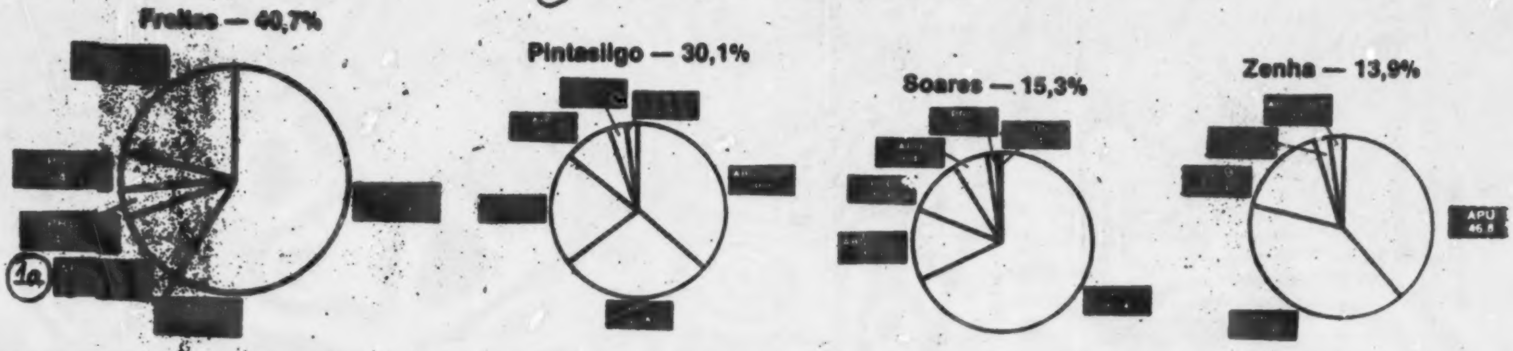
Among those who have meanwhile decided to vote, Lourdes Pintasilgo and Freitas do Amaral appear to have the best advantage, having won 32.8 percent and 38.8 percent respectively among these fluctuating voters. Soares stayed at 17.4 percent and Zenha did even worse, with 11.0 percent.

It is interesting to note that the intention to vote for Zenha comes mainly from those voters who, in October, had tended to favor Mario Soares (who lost 33.3 percent of his support) and for Lourdes Pintasilgo (27 percent). Now, if we take into account the fact that in the interim, both the PRD (formally) and the PCP (implicitly) have decided to vote for Zenha, the former prime minister's staying power is considerable. Still in regard to the intention to vote in the first round, it is noted that the highest intention to abstain (19.6 percent) is found in the APU electorate, followed by the PS (15.7 percent), and the PRD (12.5 percent). In other words, it is among the parties of the left that the intention to abstain is the strongest, which suggests that some of these voters would prefer to see which of the three candidates in their own area would continue to the second round, in order to later vote for him/her against Freitas do Amaral.

A hypothetic direct contest between Lourdes Pintasilgo and Freitas do Amaral would witness the least abstention. This would also be the scenario in which the candidate supported by the PSD and the CDS would be defeated. Pintasilgo would win because she could succeed in something where everyone else would be defeated: gather the largest share of the votes of the left. In a second round against Freitas do Amaral, Pintasilgo would receive practically all the votes of the PRD and the APU electorate, also attracting three-fourths of the socialist vote. However, the PS voters would be the most reluctant in voting for her, since 24.1 percent would prefer Freitas. The results would be much worse for Mario Soares, especially since more than half of the APU electorate would abstain (52.9 percent). And from those who would vote, for every three votes for Soares, two would go to Freitas.... As for the PRD electorate, even if it appears to be more favorable to Soares, it would only give him about two-thirds of its vote. Finally, and most surprisingly, there would be 18.4 percent of socialist voters who would vote for Freitas do Amaral.

In a second round, Zenha would obtain the worse results of all, since he would only garner the almost totality of the APU vote. Actually, this candidate has less support among this party's voters (68 percent) than among PS voters (71.3 percent). Those who voted for the PRD last October are the ones showing the most marked tendency to abstain and, among the leftist electorate, those who would give most of their votes to Freitas (32 percent). The choice of the PRD leaders--who are supporting Zenha--seems, therefore, to be far from obtaining a consensus within their own electorate.

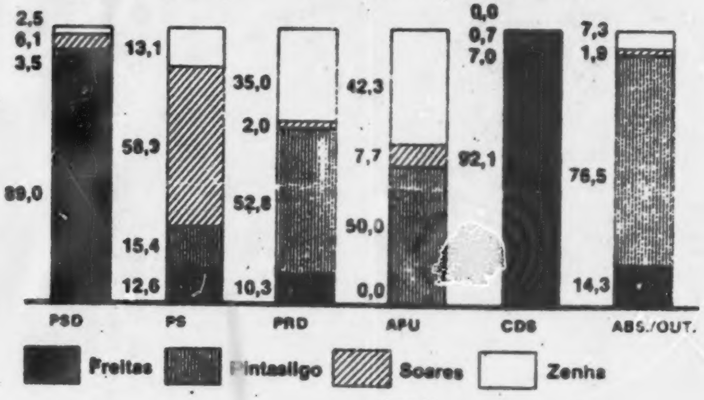
① Quem apoia os candidatos



② Votação na 2.ª volta

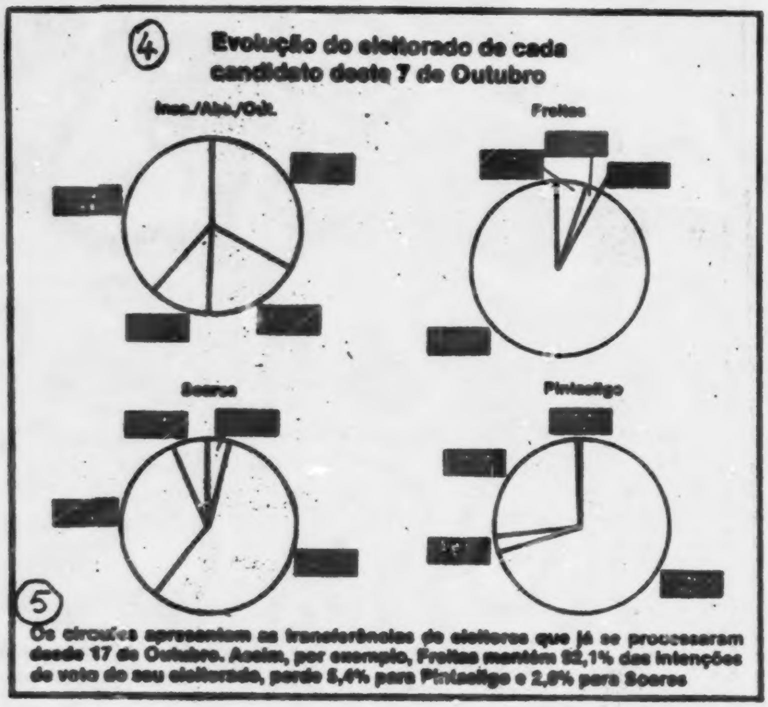
Hipótese 1	Freitas do Amaral Lourdes Pintasilgo Abstenção	41,7 58,3 8,4
Hipótese 2	Freitas do Amaral Mário Soares Abstenção	57,4 42,6 17,9
Hipótese 3	Freitas do Amaral Salgado Zenha Abstenção	58,3 41,7 12,6

③ Como os candidatos dividem os partidos



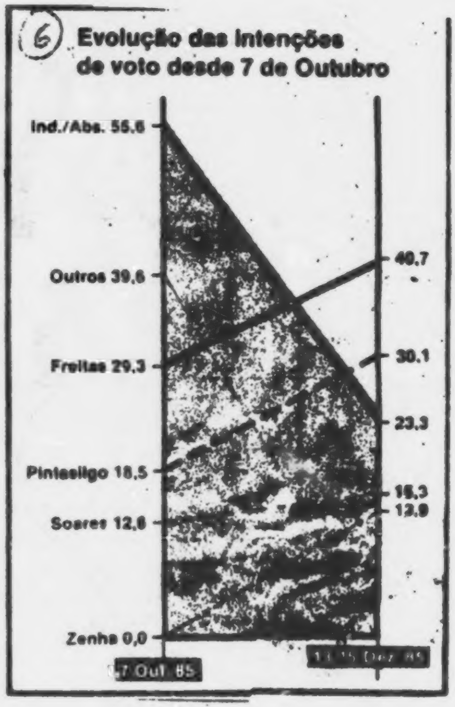
Key:
1. Who supports the candidates
1a. Abstaining/Others
2. Second round vote
3. How candidates divide the parties

(4) Evolução do eleitorado de cada candidato desde 7 de Outubro



(5) Os circulos apresentam as transferências de eleitores que já se processaram desde 17 de Outubro. Assim, por exemplo, Freitas mantém 92,1% das intenções de voto do seu eleitorado, perde 5,4% para Pintasilgo e 2,6% para Soares

(6) Evolução das intenções de voto desde 7 de Outubro



Key: 4. Evolution of each candidate's electorate since 7 October
5. The circles show the transfer of voters that has already taken place since October. Thus, for example, Freitas still enjoys 92.1 percent of his electorate's intentions, and loses 5.4 percent to Pintasilgo and 2.6 percent to Soares.
6. Evolution of voting intentions since 7 October

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CSO: 3542/54

RECENT POLL SHOWS FREITAS STILL AHEAD

Lisbon SEMANARIO in Portuguese 21 Dec 85 pp 1, 64

[Text] Diogo Freitas do Amaral is the candidate for the presidency who continues to be the favorite of public opinion. Following the two televised debates this week, Freitas do Amaral confirms the fact that his leadership is well accepted in consecutive polls, which asked the respondents to choose one of the four candidates.

On the other hand, Mario Soares, who was excellent in his one-on-one debate with Pintasilgo, recovered lost ground after it was almost unanimously agreed that he was the winner in the debate.

Those who were defeated in this first round were Francisco Salgado Zenha and Maris de Lourdes Pintasilgo, whose acceptance by the public, following the debates, is lower than the popularity ratings they obtained in previous polls.

This SEMANARIO opinion is confirmed by a NORMA poll received by our newspaper last night, the most recent poll on the presidential elections.

All the respondents in this poll, that was conducted yesterday, had witnessed the two debates opposing Freitas do Amaral and Salgado Zenha last Tuesday and Mario Soares and Lourdes Pintasilgo the day before yesterday.

Thus, the 77 respondents--all of them older than 18, residents of the Greater Lisbon area and with a home telephone--responded as follows to the question: "Which of the four candidates, in your opinion, offers the best conditions to be president of the Republic?" Freitas do Amaral, 53.1 percent; Mario Soares, 14.0 percent; Lourdes Pintasilgo, 9.7 percent; Salgado Zenha, 6.2 percent.

For 1.4 percent of those questioned, none of the candidates offers, at this particular time, the conditions to be president of the Republic, while 15.6 percent had no opinion.

These results confirm Freitas do Amaral's excellent performance: his candidacy has registered a marked acceptance after the Tuesday debate with Salgado Zenha, who has lost considerable ground, while that of Soares has advanced.

The debates will continue after Christmas, with a one-on-one debate between Freitas do Amaral and Lourdes Pintasilgo.

Which of the four candidate, in your opinion, offers at this time the best conditions to be president of the Republic?

	Percentage
Freitas do Amaral	53.1
Mario Soares	14.0
Lourdes Pintasilgo	9.7
Salgado Zenha	6.2
None	1.4
No opinion	15.6

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CSO: 3542/50

MUMCU ON DUTIES OF MARTIAL LAW COURTS

Istanbul CUMHURIYET in Turkish 27 Nov 85 pp 1, 10

[Article by Ugur Mumcu in the column "Observation": "A Problem"]

[Text] Should the duties of martial law courts continue after martial law is lifted?

This is not the first time this topic has been debated. It came up during the 1971 martial law also and the problem was resolved by the Constitutional Court. In Principle No 1971/31 and Decision No 1972/5 dated 19 October 1972, the Constitutional Court ruled that martial law courts would perform their duties as long as martial law was in effect and that situations to the contrary would be unconstitutional. Following this decision by the Constitutional Court, an amendment to the Martial Law Act was passed, anulling article 23 which allowed martial law courts to continue to function after martial law was lifted.

The leaders at the time, after this Constitutional Court decision, found the remedy in changing the constitution. If the law violates the constitution, change the constitution and be done with it!

That is what they did and, with "provisional article 21," added to the constitution the rule: "The duties and powers of martial law courts shall continue until the cases being heard by them on the date martial law is lifted are concluded."

This rule in the 1961 Constitution does not appear in the 1982 Constitution.

The rule that the duties and powers of martial courts should continue after martial law is lifted is in article 23 of Martial Law Act No 1402. However, there is no parallel article in the 1982 constitution.

The renowned Aldikacti forgot either to put the article in the constitution or to make the distinction in the constitutional article on martial law!

What happened by his forgetfulness?

Here is the situation:

The rule that the duties and powers of martial law courts would continue if martial law was lifted was restored to the Martial Law Act by Law No 2301, dated 19 September 1980. No such provision appears in the constitution that went into effect in 1982.

According to article 6 of the constitution, "No person or organ may exercise any state power which does not find its source in the constitution."

For martial law courts to continue to function after martial law is lifted clearly means "exercising a state power which does not find its source in the constitution."

In this situation, sending the cases before martial law courts to civil courts is a constitutional command.

Which is to apply in this matter, the constitution which went into effect later or the law which was passed prior to the constitution? Undoubtedly, the constitution!

Undoubtedly the constitution, but, according to provisional article 15 of the constitution, a "charge of unconstitutionality" still may not be advanced concerning article 23 of the Martial Law Act, which is clearly unconstitutional.

What must be done in this situation is to implement the constitution and have the martial law courts send the cases before them to civil courts. In this way, a door will also be opened to armed forces' withdrawal from running the country.

The subject under discussion by the armed forces today is to leave administration to civilians as soon as possible. The "transition period" will also be shortened in this way.

Our universities, for some reason, have done very little research on martial law. In a country that has frequently experienced emergency periods, ought not subjects like this to be researched in depth?

This topic, which also was raised during the 12 March period, has recently been broached by the respected constitutional jurist and assistant professor Dr Bulent Tanor.

We open the topic to debate...

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CSO: 3554/019

ATTORNEY QUESTIONS ROLE OF MARTIAL LAW COURTS

Istanbul CUMHURIYET in Turkish 27 Nov 85 pp 1, 10

[Text] Ankara (CUMHURIYET BUREAU) - The military courts continuing to operate in provinces where martial law has been lifted have been challenged as "powerless" under the 1982 constitution, making it necessary for the cases being heard in these courts to be shifted to other courts.

Attorney Burhan Apaydin, acting on behalf of Sadik Altun, a defendant in the "Front Road Organization" trial now before the Military Supreme Court of Appeals after being heard by the Istanbul Third Military Court, based his appeal to the Military Supreme Court of Appeals on the principle that "the constitution is superior to all other laws."

The appeal cites article 145/3 of the 1982 constitution, stating that under this article military courts have jurisdiction in states of "war and martial law" and that the crimes and persons over which they have jurisdiction should be spelled out by law. "There is at present no law governing the powers of Military Courts in cases like this," it reads. The appeal also states that Martial Law Act No 1402 which is now in force and sets the duties and powers of martial law courts may be considered obsolete in accordance with the general legal principle that "the subsequent law supercedes the initial law." According to this, we have "no law governing the duties and powers of Military Courts" except in states of "war and martial law." The law now in effect, Martial Law Act No 1402, which provides for trials being heard in these courts to continue until completion even if martial law is lifted, went into effect before the Constitution, so "in view of the fact that the Constitution is superior to all laws and is binding upon all laws and institutions, by implication it supercedes Martial Law Act No 1402 because it went into effect after Martial Law Act No 1402," according to the appeal.

A ruling by the Supreme Court of Appeals, criminal division, is cited as precedent for the appeal. This ruling stresses that the "constitution is superior to all laws" and states that "it is necessary to examine whether a law implicitly superceded by the constitution is unconstitutional."

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CSO: 3554/019

TURK-IS PRESIDENT CRITICIZES OZAL, TGNA SLOWNESS

Istanbul CUMHURIYET in Turkish 27 Nov 85 pp 1, 10

[Article by Umit Aslanbay: "Sevket Yilmaz Answer to Prime Minister"]

[Text] Ankara - Members of the TGNA [Turkish Grand National Assembly] Health and Social Affairs Committee and TURK-IS [Turkish Confederation of Labor] officers are to meet today at the TURK-IS building. TURK-IS proposals for amendments it wants in the labor laws will be discussed and TURK-IS will present to the committee members the 8-page report it has prepared on this topic. President Sevket Yilmaz said that if their proposals are not discussed and brought to a conclusion as they should be in the TGNA, they are considering taking the matter up again at the "expanded organization" meeting to be held in December. Yilmaz added that 1986 would be "convention year" for TURK-IS. "Union congresses will be held this year. We will be following up on our desires. We are thinking that, if we do not get results, this nation will take action accordingly," he said.

In response to Prime Minister Turgut Ozal's comment in an address to Machine and Chemical Industry workers 2 days ago that "a strike would not do anyone any good," TURK-IS President Sevket Yilmaz said, "He is right. The distinguished prime minister was president of the employers' union before he became prime minister. He does not know the laws that have been passed or the hardships that have occurred since then. He is correct, he is right from his own point of view, but, of course, he is not right from ours."

Their proposals for amendments to the aspects of the laws governing labor life in Turkey which are not working in practice have not been taken up even though it has been a year since they submitted them to the TGNA, said Yilmaz, pointing out that they would give the 8-page report prepared by their committee to the members of the TGNA Health and Social Affairs Committee at today's meeting and would also discuss it. "We couched the drawbacks in practice in terms of ILO resolutions. The reason for the meeting is to ensure the implementation in Turkey of ILO resolutions," he said.

Sevket Yilmaz, who requested discussion of the "proposals and rationales" in the TGNA committee, said that "this has been the procedure" to date in this regard and that university and labor representatives had to express their views in the committee because they do not have the right to vote.

In answer to the CUMHURIYET correspondent's question, "Did you set a certain period of time for the committee to discuss your proposals?" Yilmaz replied:

"TGNA sessions will be scheduled after 1 January 1986. We want our proposals to have priority for urgent discussion in this schedule. We are concerned that the hardships seen in practice are going to undo the labor peace tomorrow. We are telling you this today. We are saying they must be negotiated as soon as possible. I hope, for the sake of labor peace, we get results. We will be holding an expanded meeting with all organization leaders and representatives from all the provinces in December. We will tell them at the meeting, you voted, you sent a national deputy to the Assembly; these are our problems, we did not make them up. They are not problems that just came out of our heads or seemed wrong to certain individuals. These are the ILO principles to which the great Ataturk signed his name. We want them. To the national deputies who say they are committed to the Ataturkist principles, we will say, 'Here you are in the Assembly. Do something.'"

TURK-IS President Sevket Yilmaz described as follows the "measures" they will take if they get no results from all these initiatives:

"It is necessary, in fact, that the national deputies who stood up and swore to uphold these principles resolve this problem. We will not let up, but will see it through. I think we will get results. We are thinking that if they were to refuse, this nation would take action accordingly. 1986 will be convention year for us. Around 840 conventions will be held. Then there will be at least 40 central branch conventions. Next, there are 32 national union conventions. Problems will be brought up and settled at these congresses also. Finally, at the end of the year, the delegates elected at the national union conventions will meet for the TURK-IS convention."

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CSO: 3554/019

GERMAN PRESS CRITICIZES FRENCH CONVENTIONAL EQUIPMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 5 Nov 85 p 12

[Article by Siegfried Thielbeer: "Muzzle for French Generals: Critical Remarks by Officers on the Armed Forces; Weaknesses Unwelcome in Paris"]

[Text] The new French defense minister, Paul Quiles, has been known as a Jacobin, since he said it's not enough to talk about making heads roll, rather one must do it. Now, having obtained his position only because of the Greenpeace ship-attack scandal, he has his first victim: he removed the commander of the 1st French Armored Division in Trier, General Philippe Arnold. Paris was troubled by critical remarks made by General Arnold to Paris area journalists about the shortcomings of French armaments.

Paris spends a lot of money for its armaments, a sum completely comparable to that spent by the Federal Republic. But one-third of the money is expended on the small French nuclear strike force. The conventional forces, however, are neglected, receiving that one-third less year after year. The navy must still sail destroyers built in 1953. The air force is worried that the number of planes is falling below the minimum of 450, and that even so the models are getting older and older.

The standard battle tank AMX 30, which General Arnold has just criticized, was developed at the end of the fifties in competition with the German "Leopard." Back then, co-production was projected in France and in the Federal Republic. After comparative testing, the best tank was to be built in both countries and employed in both armies. When the two pieces of armor were finally ready, however, agreement could not be had. Each country produced its own model. For the sake of better export chances, went the thinking, the French tank was to have been as cheap, and thus as simple, as possible--and in the end it still cost almost one-quarter more than the Leopard. The production run was too small, as almost all the NATO partners had decided for the Leopard. And the countries, like Saudi Arabia and Spain, which had ordered the AMX 30 have long wanted to re-equip their armed forces with the German tank.

The German tank was simply better. Turret and targeting performance were indeed comparable at first, but the German tank's hull, engine and drive were superior. In addition, the German tank was steadily improved, and got better fire-control equipment with each production run. The latest version of the Leopard I has a computer system with laser rangefinder, so that it almost compares to the Leopard II in combat effectiveness at present.

The French, too, have brought out their tank in an improved version with laser rangefinder, but their AMX B-2, with its residual-light intensifier, weapon stabilization, and pancratic panoramic telescope, just achieves the performance of the enhanced-combat-effectiveness Leopard of the seventies.

At the beginning of the eighties Paris once again suggested to the Germans a common battle tank for the future. But people had become cautious in Germany after the bitter experiences of a common development with the British (English generals have since regretted not procuring the Leopard II themselves) and with the Americans, whose own product, the M-1 "Abrams," just comes up to the new German tank. Common development with the French could not have improved on the Leopard II's performance.

With an eye to exports once again, the French then developed their AMX 40, which their own units will only receive at the beginning of the nineties. It was believed in Paris that the interim could be bridged by refitting (or "valorizing") the fully one thousand old AMX 30s on hand as B-2 versions. General Arnold now complains that his unit, the 1st Armored Division in Trier, must wait another 2 years even for this modernization. The latter is progressing according to schedule, according to the Paris general staff. This "little by little" could also be called a snail's pace: only 91 tanks each year are being refitted, as can be read in the budget: this is fewer even than the Turks manage.

In Germany, a tank battalion was the first to be equipped with the AMX 30 B-2: the 2d Cuirassiers Regiment in Reutlingen, which belongs to the 5th Armored Division. The 5th Cuirassiers Regiment is to follow in 1986. The 1st Division, and the 3d Division in Freiburg, must still wait.

Arnold's impromptu remark that, with his old tanks from the sixties, he could not stand comparison with the Leopard II, the American M-1, or even the British "Challenger," only points out an already well-known fact. France must in fact avoid all tank competititons, as for example the Canadian Army Trophy. Even in Saudi Arabia there was no direct comparison between the AMX and the "Challenger."

General Arnold by no means painted only a dark picture in his remarks. He had praise for the artillery, traditionally an elite arm with the French, which is now being modernized and strengthened after a long delay. And in signals, as he said, the French RITA communications system, which the Americans will perhaps order, is "the most modern in the world." So, are critical remarks not permitted to the officers any more? Arnold's dismissal scared the many friends he also has in Germany. French generals are held on so tight a rein by the government in Paris that it now acts as a muzzle.

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CSO: 3620/88

MILITARY EUROPEAN AFFAIRS

NAVAL ASPECTS OF ESECS II STUDY REVIEWED

Herford MARINEFORUM in German Oct 85 pp 341-343

[Article by Lennart Souchon: "Strengthening Conventional Deterrence in Europe--A Commentary on the European Security Study

[Text] Since the Germans joined NATO 30 years ago, the military strategic concept of NATO has been repeatedly changed to conform to the changing threat factors. Since 1967, the NATO concept of "flexible response" provides for a broad spectrum of options between the threat of employing strategic nuclear weapons and the capability for conventional defense in repelling an attack by the Warsaw Pact.

In view of the conventional imbalance in Europe, NATO cannot renounce nuclear weapons at this time. The threat of nuclear weapons employment is an essential part of the strategy of deterrence. All [forms of] dependence on the early use of nuclear weapons cannot lie in the national interest of the NATO member states, however.

How can one increase NATO's defense capability in such a way that dependence on an early employment of nuclear weapons is reduced and the confidence of the general public in the NATO strategy is bolstered?

The analysis of these questions in detail was addressed by prominent American and European scientists, members of the military, and politicians. The first report of the privately financed steering committee was completed in 1983 and drew much attention on both sides of the Atlantic. The ESECS I study (ESECS = European Security Council Study) has without a doubt contrituted to the growing Atlantic consensus concerning priorities in increasing the effectiveness of NATO's conventional defense capability in Central Europe. At the same time, specific proposals of the study also evoked critical commentaries, questions, and doubts. These were concerned first and foremost with the operational effectiveness of certain weapons systems, the possibility of their technological realization, the reliability of the cost analysis, but also the effects on arms control efforts.

The follow-on ESECS II study addresses itself to all of these questions.

Retired General Schulze, the co-author of the German edition, in introducing the follow-on study, took a stand at the outset against speculation that the study was an invitation to discuss the fundamental effectiveness of the NATO concept, or that it signaled the beginning of the replacement of nuclear weapons in the NATO triad. Instead, Gen Schulze claimed, the study concentrated on strengthening deterrence by increasing the operational effectiveness of specific conventional weapons systems through an intensive employment of the latest military technologies. At the same time, a reduction of the reliance on an early employment of nuclear weapons was intended to bolster public support of "flexible response" in the West.

The organization of the study is keyed to the chronological sequence of a large-scale attack by the Warsaw Pact against the NATO sector Central Europe. The objective of such a Warsaw Pact attack would be a quick and decisive military victory. The attack is based on three main elements: surprise, concentrated employment of combined arms, and maintenance of the attack momentum through the precisely coordinated (with respect to both time and place) introduction of fresh forces and a high attack pace.

If NATO forces could succeed in effectively disturbing the mobility and coordination of Warsaw Pact operations, the sought for quick victory would not be attainable. The authors of ESECS II consequently focus their proposals for improvement on surveillance and target acquisition, repelling the van of the attacking units, overpowering the Warsaw Pact air attack capability and engaging the succeeding echelons in combat, but also on paralyzing the enemy's control system. Detailed proposals for strengthening the conventional capability are made in each of these tasking areas.

The authors identify specific weapons systems that are already undergoing development so as to point out methods for the technological realization of their proposals and to determine realistic cost estimates. And, finally, they address themselves in detail to possible Warsaw Pact countermeasures.

The costs of all these proposals are placed at circa 22.5 billion U.S. dollars, spread over a 10-year period.

Assessment

The study is extremely interesting. It offers formulated solution possibilities from the German, and particularly the American, point of view, which--if implemented--should be of decisive importance for the deterrence and defense capability of the West, especially since it reduces the dependence of the West on nuclear escalation without reducing the security of the NATO countries.

The efforts by NATO to strengthen its conventional defense capability (CDI), like ESECS II, are aimed at improving the effectiveness of conventional capabilities, without, however, excluding the maritime sector and the flanks, and without neglecting the questions of troop strength, training, reservists, and other aspects.

If one compares the results of the study with the Bundeswehr Plan '86, it can be seen that nearly all the measures requested in the study are also contained in the Bundeswehr plan.

As is the case with all situation estimates, the correct choice of assumptions and limitations is an essential prerequisite for the validity of the findings. I do not wish to address myself here either to the question of how far quality can replace quantity or the question if the costs and the time frames have been realistically selected. On the contrary, an examination of the findings of the study from a higher strategic standpoint appears to me to be in order.

The study is geographically limited to the NATO sector Central Europe. It discusses the defense against ground and air forces in a short, intensively fought war. Maritime peripheral conditions, potentials and capabilities are not even mentioned in passing.

The concentration on Central Europe is not entirely in keeping with a higher strategic approach. If the front in Central Europe holds up initially during an armed conflict, the Warsaw Pact, through rapid occupation of the maritime approaches to the Baltic Sea, supported by airborne operations and after crossing the Elbe [River], could execute a bold thrust into the northern flank of Central Europe. The critical importance of this flank is characterized for all time by the words of Clausewitz: "Once the flanks have fallen, the center will fall by itself."

What happens if a war in Central Europe is not of short duration or is concentrated in the northern flank area of Europe?

In both cases, the weight of North American resources is of critical importance for the outcome of these scenarios. The ability to introduce American and Canadian reinforcements, supply and resupply transports into combat operations in Europe on a timely basis and on an adequate scale would decisively lower the prospects for success of Warsaw Pact forces in a protracted war. A prerequisite for moving in the North American potential is the effective protection of the sea links of the alliance in the Atlantic and the seas around Europe. These in turn are given forward defense in the waters of the northern flank area. Increases in the effectiveness of conventional weapons systems in Central Europe have no influence on the capabilities of the NATO naval potential at this European flank which could decide the outcome of the war.

Finally, the study expressly identifies the Soviet objective to be the employment of its military power in peacetime as an instrument of pressure and political manipulation for the purpose of attaining its national objectives. The global expansion of the Soviet military is a well-known fact. If the Soviet Union succeeded, even only temporarily, in bringing the energy and raw materials links of the West, or the source countries, under its control, then a scenario would be conceivable in which the Soviet Union or its surrogates could blackmail the West without having to resort to armed conflict. From this aspect, as well, an isolated improvement of the capability of conventional weapons systems in Central Europe can be assessed as only a partial component of the protection of Western interests.

These limited observations are intended to point up the importance of maritime situation factors, especially the significance of the sealanes, and to serve as a reminder that any armed conflict between NATO and the Warsaw Pact will at the same time also be a battle for lines of communication. The fate of NATO and also the question of a nuclear escalation in a long drawn out war will be decided by the fight for maritime supremacy in the waters of the northern flank area.

If improvements in the capability of conventional weapons systems are made at the expense of NATO's naval warfare potential and reduce the capability to protect the Atlantic or intra-European sealanes, then the Soviet Union would be presented with effective options for achieving its objectives against NATO. This must not be lost sight of in the assessment of the findings and in implementing the program proposals of the ESECS II study.

However, as previously emphasized, the study is outstandingly written, highly interesting, worth reading, and recommended. The fact that American armament experts had a decisive input into the findings of the study is indicative of the significant transatlantic consensus, which in many NATO activities cannot be taken for granted. In the effort to convince the public in the West of the urgency of the defense efforts, ESECS II is an important step in the right direction.

On the other hand, an extension of the study to include the maritime sector, to a scenario of a longer lasting war, and to the employment of Soviet military power in peacetime appears imperative.

12689/9190
CSO: 3620/121

DEFICIENCIES CITED IN ARMY'S AIR DEFENSE CAPABILITY

Vienna TRUPPENDIENST in German Oct 85 pp 575-578

[Article by Lt Col Horst Denk: "Air Defense in the Austrian Armed Forces--Organization, Equipment and Training"]

[Text] First Steps in Second Republic

Upon establishment of the Bundesheer [Federal Armed Forces] in July 1955, the National Defense Office of the Federal Chancellor's Office, which had jurisdiction over it, organized a separate department (III/L) for air warfare matters. It became responsible also for establishing air defense forces.

Barely 1 year later, on 1 June 1956, an air defense weapons training battery was established in Langenlebarn; effective 1 March 1958 it was renamed 1st Air Defense Training Battery.

Apart from this battery an operations staff was established on 16 June 1956 for the air defense service in Langenlebarn. Its mission was the establishment of guidelines and training aids for the air defense service. Organizationally this operations staff was the next higher command echelon of the 1st Air Defense Training Battery and thus the nucleus of what later became the Air Defense Service Training Center. After the establishment of the Federal Ministry for National Defense and the Air Force Headquarters--as a command subordinate to the group commands--air defense was placed under the jurisdiction of the air force and in the defense ministry the Department of the Air Force was given an air defense office.

Air Defense Section, Air Defense Training Center

On 1 March 1957 the operations staff of the air defense service was ordered to establish the headquarters of the 1st Air Defense Section. This headquarters was in command of the operations staff of the air defense service, the air defense training battery and, upon its establishment on 21 May 1957, the air defense battery in Zeltweg. The interim period saw the activation of the 2nd Air Defense Training Battery in Langenlebarn. After the headquarters of the 1st Air Defense Section was relocated to Hoersching on 1 September 1958, the Air Defense Service Training Center was opened in Langenlebarn. Subordinate to the Center were the training department and the air defense service shop (motorized), formerly known as the air defense service and equipment shop (motorized).

The headquarters of the 1st Air Defense Section in Hoersching was at that time in charge of the 1st and 2nd Air Defense Training Batteries in Langenlebarn as well as the 1st Air Defense Battery in Zeltweg and the 2nd in Hoersching.

Further reorganization took place in May 1960. The 1st and 2nd Air Defense Training Batteries became subordinate to the Air Defense Service Training Center.

The 1st Air Defense Section in Hoersching now contained the section headquarters with staff battery in Hoersching and the 1st and 2nd Air Defense Batteries in Zeltweg and Hoersching, respectively. However, by separating the air defense training batteries, a new 3rd Air Defense Battery was established in Salzburg-Siezenheim.

In 1961 a highschool graduates' battery was added to the training department of the Air Defense Service Training Center. The 1st Air Defense Section as well as the Air Defense Service Training Center were subordinate to Air Force headquarters; in training matters the Center was under the direct guidance of the Federal Ministry for National Defense.

Effects of Armed Forces Reform of 1963

The first major enlargement of the air defense service took place as part of the 1963 armed forces reform. The separation between operational and training units was implemented in the air defense service as well.

The training section and the air defense service shop (motorized) were combined into an Air Defense Training Section, located initially in Langenlebarn and relocated to Gross-Enzersdorf in 1963.

This training unit consisted of the section headquarters with staff battery and the 1st and 2nd training batteries. The Air Defense Service Training Center which remained in Langenlebarn contained after 1963 the School Headquarters, the Training Battery and the Highschool Graduates Battery (renamed the One-Year Volunteer Battery in 1964).

In September 1963 the 1st Air Defense Section was deactivated. It was converted into the 2nd Air Defense Section in Zeltweg, including a staff battery and the 1st Battery/Air Defense Section 2 (created from the former 1st Air Defense Battery) and the 3rd Air Defense Section in Hoersching with section headquarters, staff battery (the former 1st Air Defense Section) and the 2nd Battery/Air Defense Section 3 in Salzburg-Siezenheim (batteries of the 1st Air Defense Section). The 1st Battery/Air Defense Section 1 was activated in Gross-Enzersdorf and temporarily placed under the command of Air Defense Section 2.

Activating these units fulfilled the requirement of having at least one air defense section in every group zone. At the same time the Air Defense Service Training Center was removed from the command of the Air Force headquarters and placed direct under the Federal Ministry for National Defense.

Subordination to the Group Headquarters

In still another reorganization in 1966 the air defense sections were removed from the supervision of the air force and subordinated direct to group headquarters.

The Air Defense Training Section lost its training mission and parts of it converted into the 1st Air Defense Section. From then on, the 1st Group Headquarters in Gross-Enzersdorf was in charge of the 1st Air Defense Section with its headquarters and staff battery, along with two air defense batteries and the Air Defense Training Section. In the latter part of the 1960s the air defense sections received one training battery each, which later on was converted to a 3rd (firing) battery. In 1978 the air defense sections were renamed air defense battalions.

In addition, the I, II and III Group Headquarters had in 1966 one air defense battery each in their brigade artillery sections 1, 5, 6, and 7, which had already been on hand in peacetime; in brigade artillery sections 2, 8 and 10 they were available only in case of general mobilization.

These seven air defense batteries had evolved from the brigade air defense platoons activated in 1957. In addition, Armored Air Defense Batteries 3, 4 and 9 were established with the armored infantry brigades in 1961. Additional field air defense units were established in 1965 in the form of infantry air defense gun platoons, which are a component of the heavy companies of the motorized infantry battalions.

Air Defense Units of Air Force Field Units

After separating Air Defense Sections 1 through 3 from the jurisdiction of air force headquarters, air force field units activated their own antiaircraft units. The Air Defense Training Detachment located in Gross-Enzersdorf moved to Langenlebarn in 1968 and became the Air Defense Detachment, under the command of the Air Defense Brigade.

The 1972 army organization and the 1975 reorganization abolished the Air Defense Brigade; the Air Brigade became the Air Division. The three air regiments at Langenlebarn, Zeltweg and Hoersching were to establish one Air Defense battalion each. First, the Air Defense detachment in Langenlebarn was converted into the 1st Air Defense Battalion. In Hoersching, the 3rd Air Defense Battalion was formed from the cadre of the air training battalion.

Both battalions had a headquarters with a staff platoon; each also had one Air Defense battery equipped with 2 cm and 3.5 cm automatic antiaircraft guns. Effective 1 October 1980 these Air Defense battalions were redesignated the 11th and 13th Air Defense Battalions.

The 1st Battery of the 12th Air Defense Battalion was activated in October 1980 in Aigen/Ennstal. The headquarters and the 2nd Battery of this battalion were not established until 1982.

Present Organization of Air Defense Field Force

In 1978 the Air Defense Service Training Center was reorganized also. The training battery turned into a staff battery and the 1-year volunteer battery became a training battery.

The last step in the implementation of the 1972 army reorganization consisted of the transfer of the Air Defense batteries of the brigade artillery battalions into the militia; the armored antiaircraft batteries were separated from the armored artillery battalions and made subordinate to the armored staff battalions.

At present the air defense field force of the Bundesheer consists of the following:

- the air defense battalions of the corps and divisions;
- the armored air defense batteries of the armored infantry brigades;
- the 2 cm antiaircraft batteries in the brigade artillery battalions; and
- the 2 cm infantry antiaircraft gun platoons in the heavy companies of the infantry and home guard battalions.

Weapons and Equipment of the Air Defense Field Force

When the Bundesheer was first established, the weaponry consisted solely of M-2 12.7 mm antiaircraft machineguns and Hotchkiss 2.5 cm antiaircraft guns.

The armored antiaircraft batteries, upon being activated in 1961, were equipped with the M-42 4 cm twin antiaircraft gun on a self-propelled mount from U.S. Army stocks. These weapons are still in use by those units, but they are only partly responsive to today's requirements. The introduction of an up to date weapon system has been initiated.

Equipping of medium-caliber antiaircraft gun batteries started in 1957 with the procurement of Swedish Bofors 55/57 4 cm automatic antiaircraft guns. The first fire unit was still controlled by a Bofors-produced field optical director. Later on the 58/TBJ fire control instrument was procured for fire control of the 4 cm automatic antiaircraft guns and used at the Air Defense Field Service School for personnel training in the radar section. However, this fire control system was not used in the field.

From 1960 on, the field forces used the Fire Control System 60, made by the Swiss firm Contraves, for fire control of the 55/57 4 cm automatic antiaircraft gun. The fire units thus consisted of the Fire Control System 60 with two 55/57 4 cm guns each, a central field power plant and the required cable links. A Saurer tractor trailer was used as a prime mover. However, the weapon system was relatively immobile and subject to breakdowns.

The 65 3.5 cm twin automatic antiaircraft gun, a modern gun with a high rate of fire, replaced the 4 cm gun in the antiaircraft battalions during the 1970s. Along with it came the procurement of the 65 fire control system. This fire control system was a 60 fire control system adapted for use with the 3.5 cm twin gun. The introduction of this weapon system was accompanied by a transition to a decentralized power supply, i.e., every gun and the fire control system now had its own field power plant. This reduced the need for cable links, with only those for data transmission remaining. The Saurer tractor trailer was replaced by a truck made by the French firm Berliet.

In 1976 the 75 fire control system "Skyguard" was introduced in the 1st through 3rd Air Defense Battalions to replace the 65 fire control systems.

Upon introduction of the 75 fire control system, it became necessary to modify the 3.5 cm twin automatic antiaircraft guns. After modifications, they were designated 75 or 79 3.5 twin automatic antiaircraft guns.

The 79 "Skyguard" fire control system is an improved 75 system which was procured as equipment for the 11th through 13th Air Defense Battalions. The 1st Air Defense Battalion was equipped with it also in 1983. Toward the end of the 1970s the 10-ton OeAF cross country prime mover was introduced into the 1st through 3rd Battalions. The Berliet prime movers which thus became available were transferred to the 11th through 13th Air Defense Battalions, which until then had partially still been equipped with the Steyr Diesel as prime movers for the field power plants.

In the 1960s the 58 2 cm antiaircraft gun replaced the 12.7 mm antiaircraft machineguns, which had until then been used for light antiaircraft operations. The U.S. 0.75 ton (4x4) Dodge truck served as weapons carrier.

Thereafter, the improved Model 58, the 65 2 cm antiaircraft gun was procured. This gun is better equipped for operations against ground targets. The Dodge was replaced as the weapons carrier with the Steyr-Daimler-Puch 1.5 ton (6x6) "Pinzgauer" 712.

By combining the 65 2 cm automatic antiaircraft gun with the "Pinzgauer" 712 and a trailer created by extending the weapon undercarriage it became possible to establish suitable equipment for the fire units of the light antiaircraft force.

The weapon systems currently at the disposal of the air defense force have an effective range of only 4 km horizontally and 2.5 km vertically. At the current level of the state of the art, an increase in the effective range would be possible only with antiaircraft guided missiles.

Training in Air Defense Service

Following general basic military training, the separate service basic training initially emphasizes proficiency in individual performance with the weapons and equipment. At the same time, a course is given and tests administered in the air defense training school for selection of gunners. This stage of the training also includes the first firing of the gun with live ammunition in the form of firing at moving and stationary ground targets. The purpose for this type of firing is to create familiarity with the weapon and preparation for firing at aerial targets.

Gunnery training is an essential part of the training for antiaircraft gunnery. It must enable the gunner to determine the correct lead angle for any approaching aerial target and to aim the gun at the predicted position.

This task requires intensive training with the aiming devices and the gunsight. Appropriate training aids are required for proper monitoring of the gunner in training. Past training aids included target curves in conjunction with scanning spot projectors, rope pull devices, antiaircraft aiming training aids with projector inside a large hemisphere and aiming data recorders. None of these devices are adequate to meet today's requirements.

New training devices (simulators) are urgently required to provide good gunnery training to the gunners. The present method of training is merely a transmission of experiences whose proper or improper application cannot be verified until actual firing at aerial targets takes place.

Once proficiency in the operation of guns and equipment as individual components has been attained, the training proceeds to cooperation within the five unit (the platoon). In special weapons operational training, live ammunition firing exercises against radar-controlled aerial targets serve to practice cooperation within the fire unit on the battlefield.

One of the highlights in simulated firing training is an exercise in defense against low flying aircraft. This one-week exercise requires the cadre personnel, weapon operators and basic trainees together to demonstrate their proficiency in defense against low flying aircraft. Immediate evaluation by referees, using fire control radars, determines success or failure.

Basic training concludes with live ammunition firing against radar-guided aerial targets. The number of hits on approaching attackers serves as an essential measure of the state of proficiency and the operational readiness of personnel and materiel.

Advanced training of cadre personnel is based on this training, which is conducted in the air defense service units. This advanced training is conducted in the air defense training school and consists of gun commander training in gun commander courses for the different weapons and of training for platoon, unit and troop commanders. Additional training courses are for air defense aircraft spotters and radar observation noncommissioned officers for the fire control systems.

But the best training and high-quality equipment cannot compensate for lack of quantity and the lack of a long-range air defense system.

With the presently available materiel air defense is possible only at a limited scale. To extend air defense protection to the entire national territory, the procurement of long-range air defense systems in the form of guided missiles will be absolutely necessary.

9273/12379
CSO: 3620/117

TASS ANALYST CRITICIZES DANISH DEFENSE MINISTER'S INTERVIEW

LD271717 Moscow TASS in English 1658 GMT 27 Dec 85

["Christmas Message" by General Engell -- TASS headline]

[Text] Moscow December 27 TASS -- TASS news analyst Leonid Panomareov writes:

The custom is that it is usual to speak of something pleasant during Christmas holidays, putting off everyday concerns for several days. Warring sides used to cease hostilities. However, the bellicose attitude of mind does not leave Hans Engell, Danish minister of defence, on these Christmas days either. As the future chairman of NATO's Eurogroup for 1986, he has stated in an interview with the newspaper BELINGSKE TIDENDE that main attention under his leadership would be given to a "European contribution to NATO defence". The word "defence" in the vocabulary of the NATO generals means a speeded-up build-up of the military might of the North Atlantic bloc and the attainment of superiority over socialist countries.

It would seem, the Danish general did not say anything new in this respect. Yes, this is so. NATO mentality apparently remains at the same level, although the spirit of the times after the Geneva summit is changing. One could expect that hot heads would take into account the fact that the summit has been regarded around the world as a big political event in international life, creating opportunities for a transition from the state of dangerous confrontation to a constructive search for an improvement of the international situation as a whole. And what do we see? NATO leaders, while expressing compliments on the Geneva summit, practically continue the policy of confrontation and, besides, raise it to the so-called "space level", i.e. are launching preparations, with the Pentagon at the head, for "star wars".

The question of what kind of Europe should there be has been put very keenly: Either a peaceful one' as has been the case for forty years now' or it will turn into something that even scientists themselves have a vague idea now. Ignoring the unpredictable dangers of a nuclear conflict, the new chairman of NATO's Eurogroup is again advocating an endless arms race and is in favor of West European countries' coming down with money for space militarization jointly with Washington within the framework of the "Strategic Defence Initiative" (SDI) program.

There is no doubt that these actions and statements do not square with the accords in Geneva while the stands of the Governments of Britain and the FRG on participation in the U.S. "Star wars" program are in point of fact diametrically opposite to the mutual understanding reached in Geneva.

An overwhelming majority of West Europeans come out against U.S. nuclear weapons -- "Pershing-2" and cruise missiles -- on their soil, and against participation in "Star wars". Last Thursday, for example, more than five thousand demostrators gathered outside a U.S. base in Holland where nuclear weapons are stationed. The demonstrators demanded that the weapons be removed from their soil. That was this year's tenth vigorous demonstration in the Netherlands against U.S. nuclear plans.

Europe is not just a geographic notion but is our common home. And if some of its occupants strive to live in peace with one another in a good neighbourly way, while others are preparing for "Star wars", such a home resembles a powder keg rather than a home. This is what General Engell should turn over in his mind on these Christmas days.

/12624
CSO: 3600/18

TIGHTER RESERVE TRAINING, ASSIGNMENT, PROMOTION PROCEDURES

Bonn BUNDESWEHR AKTUELL in German 2 Sep 85 p 1

[Unattributed Article: "The Right Man in the Right Place--Directive of the Army Chief of Staff: Field and Company Grade Reserve Officers Are To Become More Involved in Personnel Management"]

[Text] Bonn--Field and company grade reserve officers with mobilization assignments must assume the same tasks and duties in a national tension/defense emergency as their active duty colleagues. For that reason, the army chief of staff, in his recently issued directive (Federal Ministry of Defense--Army Chief of Staff--Army Command I 1--File No 16-39-00 dated 27 Jun 1985), which received distribution down to the level of military subregion commands and battalions, demands the involvement of these reserve officers already in peacetime in the personnel management of the soldiers who will come under their command in combat.

According to this new directive, personnel screenings must be conducted at regular two-year intervals in all non-active mobilization units. In this way, the operational status of personnel is to be determined in the areas of position manning, the planning of training and utilization of promotion-worthy reservists, the internal structure of troop units, military discipline, and care and welfare. Findings made during these screenings are submitted to the responsible units and then converted into concrete personnel processing measures that will benefit the mobilization units as well as the individual reservist.

The more reservists have to be prepared for the mobilization tasks through individual reserve training or mobilization training, the more important and more comprehensive the responsibility of field and company grade officers becomes for improving, through long-range and precise personnel measures, the training status of the troops subordinate to them in case of a mobilization. This includes, primarily, the planning, definition and control of an assignment specialty-oriented training program, and of development and continuing training in keeping with the principle: "The right man in the right place!" In these important task areas, the schedule-maintaining units are to be relieved of their burden. The new directive thus also requires, to the maximum extent possible, reserve commanders with mobilization assignments to prepare, on a regular basis, situation assessments with respect to personnel procurement, as well as their participation in mobilization preparations in the personnel area.

In this way, the army wishes to strengthen the command responsibility and command readiness of its reserve officers already in peacetime, and to encourage them to exercise greater initiative and cooperation.

12689/12859
CSO: 3620/149

PASOK ACCUSED OF PROPAGANDIZING AMONG ENLISTED MEN

Athens I KATHIMERINI in Greek 20 Dec 85 p 5

[Text] The government would be well advised to stop its political propagandizing at the gates of army barracks. To not permit its propagandists to proceed further inside, because someday we all will regret this. And perhaps we will bitterly regret it. At least Drosogiannis, who has been a combatant officer and has commanded units, will know very well what political propaganda in the army means and what dangers of disruption this contains with respect to the functioning of the units and their performance.

But it seems that the veteran officer had forgotten all these things at noon the other day when he listened to the "general secretary for youth affairs" announcing the happy days that the government is planning for the servicemen (and informing him, on this occasion, of "today's decision"--by whom?--to distribute tickets for theatrical performances to the soldiers).

Thus, according to the decisions made, "from 27 December to the end of the summer, 22,000 soldiers will take part in the programs of social tours entirely at no expense to them." A beginning in this direction will be made on New Year's and Epiphany, when 2,000 enlisted men will have 3-day holidays at home, in hotels, and at ski resorts. And this program will continue in the summer for 20,000 enlisted men, who will have the advantage over the winter vacationers in that they will be able to take with them another person--for example, married men can take their spouses and an unmarried man can take a person of his choosing. There was even talk about "further-education programs for the soldiers" being elaborated, and this was followed by the optimistic statement of Drosogiannis that "these things are merely a start."

Lest we be misunderstood, let us state that we do not believe that enlisted men today ought to live in their camps under the conditions of the ancient Spartans, nor that they should be trained in accordance with the spirit of the former Prussians. These things are no longer possible, even if someone were to wish for them. And if anyone were to try to put them into effect, he would not be taken seriously. Our society of democratic practices and of conveniences has passed through the gates of the barracks everywhere and has changed many things. And it will surely change other things if it continues on for a long time. But one thing has not changed in any army and is not going to change: The discipline on which its functioning depends. And this discipline, in turn, cannot be based on anything else than a sense of equality and fairness and on the absence of any discrimination.

And all these grandiose schemes about vacations and touring do not reinforce the sense of justice and fairness, nor do they reduce discriminatory practices. Just the opposite. Why then does the government want to engage in them? Perhaps it is making the mistake of considering such programs to be a good opportunity for its propaganda? Perhaps it desires to pass them off as yet another demonstration of its progressiveness? Perhaps it is counting on handling these programs as rewards for the loyalty of followers who have enlisted? Perhaps it plans on brandishing them about as a punishment of repudiation to all those who do not embrace its own reality?

Whatsoever of all these things is going on, it is bad for the army, without of course being good for the government and its propaganda--for the "progressive" image that it obviously desires to project. Nor, of course, should it believe that with these summer vacations offered free to couples it will be doing away with the difficulties that make their appearance, for new recruits above all, from the very nature of military life. Nor of course should it be so naive as to hope that in this way it will attenuate the negative reactions to military life and the demands for its "democratization."

Thus, let the government exempt the army from anything that its opponents could label as demagogy. Let it make full use of its "progressive" innovations in other sectors, and let it seek in other areas to implement its propaganda. The armed forces constitute a particularly sensitive area, so much so that they cannot tolerate involvement with all these things. If it happens that the party propagandists are unaware of such truths, let Drosogiannis go to the trouble of reminding these people about them, since he himself should not have forgotten them.

As for the rest, let the "general secretary for youth affairs" direct his social-tours activity toward other classes of the population outside of the barracks, assuming of course that Simitis does have the money to give to these people.

12114
CSO: 3521/67

MILITARY NETHERLANDS

VAN HOUWELINGEN ON ARMS PURCHASES, COOPERATION

Bonn WEHRTECHNIK in German Aug 85 pp 70-74

[Interview with the Secretary for Defense, Jan van Houwelingen, who is sponsible for armament, by an interviewer from WEHRTECHNIK (WT)]

[Text] To reinforce the NATO Coalition, it is important to include the smaller partners also in armaments collaboration, beginning at the armament planning stage. At the beginning of June, WT had an opportunity of posing a series of questions to the Dutch Secretary of Defense, Jan van Houwelingen. These questions concerned the work of the IEPG (Independent European Program Group), international armament programs, offsets, national procurement projects, and especially German-Dutch cooperation and its possible intensification.

WT: At this time, Holland is chairing the IEPG. What opportunities does this committee offer for armaments collaboration within NATO?

van Houwelingen: The objectives of the IEPG were already defined in 1976 and still continue to be valid: first, an effective use of financial means for research, development, and procurement, then for the standardization and interoperability of armaments, further the creation of a sound basis for a European armaments industry, and finally a strengthening of Europe as a factor in relation to the United States and Canada. The European countries must coordinate their different viewpoints with one another and must speak with one voice in dialogue with the United States. The Americans have always strongly supported the collaboration of the European countries and have an understanding for the developments here.

This was also made clear to me last month during discussions with the Americans, Secretary of State Taft. Based on the results of these discussions, I made proposals at the IEPG meeting of the defense ministers on 17 and 18 June, to structure the dialogue between IEPG and NATO. Within the NATO federation, the IEPG has numerous opportunities which must also be exploited. Constant political participation is necessary to achieve this goal. The defense ministers and the secretaries of defense and also the national armament directors must not only harmonize tactical requirements but must also set up specific cooperative projects. Furthermore, collaboration in the area of research and development is an essential precondition for collaboration in long-term projects.

The opportunities of the IEPG are also influenced by political and economic circumstances. Far-reaching collaboration within the framework of the WEU (West European Union) surely will also have positive effects on the opportunities of the IEPG. Thus, it would be extraordinarily stimulating for the IEPG if the WEU countries would find a joint reply to Weinberger's letters concerning the strategic defense initiative (SDI).

Furthermore, discussions in the European community concerning far-reaching economic collaboration certainly will have effects on the position and opportunities of the armaments industries in the common market. The European parliament has already for some time discussed the question whether the common market should be drawn more closely into the affairs of the weapons industry. In my opinion, this also constitutes an important area for the European commission in the near future, an area to which it should dedicate its attention.

My objective is to strengthen the European pillar of NATO. The IEPG can play an important role here. The NATO alliance certainly provides room for this.

WT: You just mentioned the strategic defense initiative. What position are you taking with respect to SDI?

van Houwelingen: The main question is: Just what is SDI? First of all it is a military concept. For this one needs modern emerging technologies. I am convinced that it is a must for all European countries to cooperate with the United States of America in the area of technology. As a politician, it naturally makes sense to support technological programs - speaking more precisely - to develop specific products. However, we do not agree with Americans regarding the concept, and therein lies the problem. In our country, we cannot at the present time as yet offer a political answer. This is a difficult political decision, because it involves our internal relationship to NATO, the relationships between the European countries and the United States. We are thinking about the consequences for European defense and for the European situation. For example, the question here arises: Within the framework of the SDI, are there also systems which we could use for our defense? But this too is a political question. The other conclusion would be the necessity of cooperating within the alliance, and here the answer is positive. Technology cannot be stopped; cooperation in the area of technology cannot be stopped. However, we must think about the strategic effects on Europe.

WT: Are offsets with procurements in the Netherlands an essential requirement?

van Houwelingen: In procuring armaments, the Dutch government and also the parliament require 100 percent offset. This is a hard requirement which, if we consider a few figures, is already beginning to bear fruit. Already in 1981, it was 65 percent, and for 1983/84 we already exceed 80 percent. Naturally, the implementation of 100 percent offset is not easy. Various aspects are connected with this topic, and these must be illuminated in more detail:

Besides the quantity, also the quality of the offset transactions.

The associated costs associated with the offset transaction.

The implementation of offset objectives by means of another instrumentarium.

In the meantime, a considerable and quite complicated network of offset agreements has developed between the European states and the United States of America. Thus, many American firms had to conclude more than 100 offset contracts nearly every year. These are indirect offsets. In Holland, we have no difficulties because we have highly qualified industry in all areas. We have approximately the same capabilities as Germany.

All agreements, even the most various ones, can nevertheless strongly affect one another and in particular because the exclusivity of the agreements can be impaired.

The many agreements have as their result that the American economy can fulfill the individual agreements much more flexibly. But this is not the only reason for regarding offset agreements critically. Frequently we have extra costs as a consequence of offset agreements. During recent years, this has cost the Netherlands hundreds of millions of guldens. In every respect, this is a reason to achieve offset in another fashion - namely the greatest possible and technologically high-grade inclusion of Dutch industry in the procurement of armaments. Examples in Holland are the following:

PATRIOT - I will return to this subject -

Rolls Royce - GOALKEEPER.

Other possibilities are the expansion of exchange trade with armaments, the beginning of joint material projects, and the joint attack on research and development.

WT: How are you planning offset for PATRIOT?

van Houwelingen: The total contract given to the United States of America amounts to 242 million dollars. The following agreements were made with the Americans, both with the government and with industry:

> The American government will let contracts in the Netherlands valued at 120 million dollars. Specifically, they are procuring 70 million dollars worth of military gear and are paying 50 million dollars for personnel and services. The offset contracts with American industry total 235 million dollars, and specifically 65 million dollars for coproduction, 50 million dollars for logistics, and 120 million dollars for indirect offsets. The additional costs amount to 25.7 million dollars.

To implement the offset agreements, a joint steering committee was set up at the governmental level. A new offset offer is expected which could also make up a part of the government offset transactions. Fokker has signed an offset agreement, part of which includes indirect offset. The whole thing is currently being examined by our Economic Ministry.

WT: What is the position of the Netherlands with respect to the EFA (European Fighter Aircraft) project? Three-quarters of a year ago, in Farnborough, was there a big surprise when you announced a need for 200 fighter planes for the Royal Dutch Air Force?

van Houwelingen: I can understand the surprise, since we are still introducing the F-16s. But to develop a new fighter plane takes more time than was originally anticipated. It is important already to participate in early stages of the program. That is one reason. But there is also another reason: We are expending many hundreds of millions of additional guldens to obtain work for our production enterprises. In the final analysis - and incidentally our industry is certainly satisfied with the F-16 program - such a procedure does not contribute towards strengthening our own industry so that it is able to export by itself. Therefore it cannot be our policy to continue along this track and therefore we must quite simply investigate the possibilities of program participation.

At the moment it is not yet clear whether the EFA project will have results. Discussion concerning this has been taking place in the participating countries for some time. I hope that specific agreements will still be made during this half year. But before this my country will scarcely be able to make a well-considered judgment concerning this.

However, the Dutch Air Force is currently studying the requirements which a combat plane must satisfy by the end of this century. If the result of discussions between the EFA countries becomes clear, the Netherlands will make a provisional decision. This decision will then be based on weighing the political, operational, financial, and industrial advantages and disadvantages. I will commit myself to a far-reaching collaboration of the armaments industries in Europe. Naturally, there are certain limits here. But I hope that one will have learned a lesson from the TORNADO project.

If the EFA countries should not reach an agreement, then the Netherlands will at first continue to look in Europe for a successor to the F-16.

The United States will become interesting for us again only when the American government makes offset purchases in Europe against purchases by European countries in the United States of America.

WT: The Dutch Defense White Book of 1984 also contains a need for new helicopters for the fighting forces. How do the German-French combat helicopter projects PAH-2 and the NATO helicopter 90 fit into this?

van Houwelingen: The policy of material procurement that was described in the Dutch White Book of 1984 - which contains, among other things, important starting points from industrial policy and from the government - strives for international and in particular European collaboration in the implementation of material projects, while drawing upon national industry for research, development, and production. This policy is based on the following motives:

Promotion of standardization and interoperability within NATO

The maintenance of a vital and technologically progressive armaments industry in Europe, to reduce dependence on the United States in the area of weapons materials.

Inclusion of Dutch industry in extensive material projects which frequently are technologically advanced, based on considerations of the national economy.

Cost reduction by collaboration in the development and production of material.

Covering the armed forces' need for new helicopters, as cited in the Defense White Book of 1984, leads to extensive high-tech projects. Through an order from the secretary of defense, a project office on helicopters (PBH) and a central project team on helicopters (CPH) was set up for the central coordination and adequate regulation of all activities associated therewith. It is the task of the PBH to develop guidelines for implementing these helicopter projects.

The CPH is supposed to contribute to the development of these guidelines and should act as an initiator, coordinator, and supervisor in their implementation. The helicopter project manager (PLH), as director of the PBH, is directly subject to the general director of materials and at the same time is head of the central project team on helicopters. The CPH is composed of the lower chiefs of staff and the material directors of the component fighting forces as well as the corresponding representatives of the chiefs of the command staffs of the fighting forces, the general directorate for the economy and finances, and the directorate for legal affairs.

For procurement of new helicopters, the budgets included about 2.5 billion guldens, even for after 1993.

This involves various types of helicopters. The general trend is towards using helicopters to a greater extent than today for battle tasks. It is possible to make a rough division into two categories:

1. Decision for a helicopter which will replace the then outmoded ALOUETTE III.

   Procurement of antitank helicopters.

2. Transport helicopters for the army and the air force.

   Naval helicopters for anti-submarine purposes.

With respect to the first category, discussions are taking place on the one hand with France and the Federal Republic and on the other hand with Italy and Great Britain.

The second category is the subject of discussions within NATO (the so-called NATO helicopter for the nineties).

A feasibility study will be begun shortly, with participation from France, the Federal Republic of Germany, Great Britain, Italy, and the Netherlands. After the study has been concluded, the countries must decide individually concerning their participation in the joint project. Possibilities will be investigated to develop a joint basic type of transport helicopter and anti-submarine helicopter.

If a decision is made in favor of participating in a particular project, this means that long-term obligations must be assumed, which certainly will affect the final specification of material procurement plans.

WT: The Netherlands also need a medium artillery rocket system. Has the train for Dutch participation in the European construction program already gone by?

van Houwelingen: It doesn't look as if the Netherlands will still join the European-American conglomerate which will produce MARS in Europe. For Holland, there scarcely seem to be any opportunities to join the participating group of countries. This year, an MoU (Memorandum of Understanding) will probably be signed, which regulates production in Europe by the EPG (European Program Group).

There are two possibilities to cover the Dutch need: on the one hand, procurement from the MARS conglomerate and, on the other hand, direct procurement from the United States.

This decision will then be influenced by the following aspects:

Price, delivery time, and the like,

The political will to purchase the system preferably in Europe, although under the condition that the respective European countries place offset contracts in the Netherlands for the total amount allocated for this purpose.

For the Netherlands, the following consequences derive from this: First of all, the necessity to harmonize the replacement schemes and the replacement times and thus a further strengthening of the operational dimension within the IEPG, and secondly the necessity to fashion collaboration on a political, military, and industrial level at the earliest possible stage.

WT: Over and above the 235 F-16s that have been ordered, will you order still more aircraft of this type?

van Houwelingen: According to our planning, the F-16s will begin to be replaced in 1999. However, losses during peace time are currently higher than planned. If this trend should continue, the reserve that has been planned for peace time losses will be exhausted by the middle of the nineties. There are then three possibilities:

to have fewer aircraft available during the years 1995 - 1999,

a temporally advanced procurement of the successor for the F-16 and

the procurement of additional F-16s.

At the moment, a decision concerning this is still completely open. We try to hold losses during peace time within the estimated framework.

WT: Are you planning Dutch participation in the development of future German tank projects?

van Houwelingen: In consideration of the relatively small Dutch need, national development of tanks is impossible and consequently we must look for opportunities to participate in the projects of other countries. On the basis of constantly closer German-Dutch cooperation in the production and introduction of the LEOPARD 1 family and of the LEOPARD 2 tank, continuation of this collaboration is probable. Cooperation during development can be implemented well only if the tactical requirements and the time plan of the participating countries agree approximately or closely.

Since the middle of 1984, the Federal Republic of Germany and the Netherlands have been collaborating in the definition phase of the mountain tank 3. Dutch industry also participates in this. By the middle of 1986, a formal decision will be made concerning collaboration in the development phase. This project, as a test case, will be able to provide information about regulating such cooperation in the future.

As regards the successor tank LEOPARD 1, beginning in the year 2000, I certainly see possibilities for German-Dutch cooperation. On the basis of the old German tactical requirements, there already were informal consultations between the agencies and the industry of the two countries. For this purpose, Dutch industry joined the GT-90 working association. On the German side, new tactical requirements were worked out, and the requirements must still be set up in the Netherlands.

For future years, therefore, I also expect good possibilities for Dutch participation in German development. Developments within the IEPG and NATO must constantly be taken into account, however.

For other armored vehicles, little or no opportunities for cooperation will presumably appear during the initial years. If present collaboration is continued, there may perhaps be possibilities for successor generations.

WT: Competition is now in progress for night-vision follow-up equipment for the LEOPARD-1. What is its current status? A German group is also applying, I believe. Will you purchase domestically for national reasons?

van Houwelingen: We now have the Zeiss system in our LEOPARD-2 and it has a number of technical problems. The Dutch government decided in favor of the Zeiss system in LEOPARD-2 some years ago. But at that time, the basic decision was also made to grant to Dutch industry the contract for the follow-up equipment of LEOPARD-1. This was the situation in 1981. During my first day in office, I was occupied with the corresponding documents and approvals, and I recognized three important conditions: money, the quality of the products, and the delivery time. Our army is just investigating the results of the Dutch product in comparison to the Zeiss system.

WT: Now will that be a political or technical decision?

van Houwelingen: In our country, every decision is political. I believe we must make this decision in 2 or 3 months. But we always keep an eye on the gentleman's agreement with Dutch industry.

WT: You recently concluded an MoU with the Spanish government. What is this MoU about?

van Houwelingen: Such an MoU is a political signal, and this is very important for the Spanish government. We have already concluded such MoUs with nearly every other partner in the alliance. It is important to maintain contact and thus to strengthen NATO. But I also believe that it is important for the Spanish government to reorganize its defense activities in correspondence with circumstances in West European countries. And for this reason, such cooperation is necessary.

WT: You have now carried discussions at the Hardthoehe. Were these discussions based on a special purpose?

van Houwelingen: We have excellent relations with many European countries and we have steering committees with France, Great Britain, and Italy. It is important also to have good contacts with the Germans. Our relationships with the Federal Republic of Germany are very close, especially with the army in connection with the LEOPARD tanks. Within the IEPG we also try to do everything to avoid double work. Thus there are currently five countries who are thinking about the combat tank 2000. This is a waste. Our relationship with Germany, especially with the army, is certainly to be evaluated positively. In the area of battle tanks we collaborate, set up a domestic co-production, but what we really want is participation in development, and specifically the development and production of special subassemblies in our country, not only for our own need but also for others.

WT: Are there areas in the armament field which are especially suitable for German-Dutch collaboration?

van Houwelingen: I can name a whole series of these. For example tank ammunition together with fuses, the cargo gun M-483, heat-image units, mountain tanks, the combat tank 2000, helicopters, guidance systems, the medium anti-aircraft rocket system, and the NATO fregate.

We also have such lists with other countries; with France and Great Britain such a list even is part of bilateral agreements. The corresponding control committees meet once or twice a year and inspect these lists.

WT: In the area of armament export, the Dutch government is following a restrained policy. How do you handle an export request?

van Houwelingen: In case of a request for an export approval, the economic ministry turns to the external ministry with a request for evaluating the foreign policy aspects. If armaments are involved which are also being used by the Dutch fighting forces, the defense ministry is also consulted because of possible secrecy problems. As regards the weighing of political aspects, the following is particularly considered here:

the type of armaments, i.e. whether weapons and ammunition are involved or reconnaissance equipment, target acquisition equipment, and telecommunications and the like,

the position of the receiver country with respect to existing or potential conflicts and human rights as well as the internal and political condition of the respective country,

the type of armaments requirement of the receiver country, i.e. does it involve a replacement or an expansion; is there a risk of transmittal to third countries?

consideration of precedents with respect to the respective country,

possible international agreements that may be involved here,

possible relations within the framework of the Dutch development collaboration. If a so-called program country is involved, the minister for development collaboration is requested to give an opinion.

8348
CSO:3620/143

MILITARY NORWAY

WOMEN TO SERVE ON BOARD FRIGATES AS TRIAL

Oslo AFTENPOSTEN in Norwegian 24 Dec 85 p 11

[Article by Liv Hegna]

[Text] The Navy will make 1986 a test year for a project involving women. Starting 1 January female enlisted seamen will be assigned to frigates and motor torpedo boats. The chief of the coastal squadron, Commodore Kjell A. Prytz, told AFTENPOSTEN that the Navy has had enough of thoughts and opinions. "Now it is time to get some practical experience so that we know what we are talking about when we assess women on board naval vessels," he said.

The frigate KNM "Bergen" under the command of Commander Tor Christian Hallin has asked to try out having women on board. Prytz said the problem of crowded conditions below decks has been solved by putting up a simple plywood dividing wall with doors and hooks so the women can have a little privacy. "Past experiences with women in the Navy tell us that the walls are really needed for the men's sake. The women are quite capable of taking care of themselves," Prytz said.

During 1986 women will be assigned not only to frigates but also to minelayers, corvettes and motor torpedo boats. Women have been serving for some time on the more comfortable coast guard vessels. Commodore Prytz said that it has been decided to keep women off of minesweepers for the time being. "The living conditions are much too crowded there," he said.

Not on Submarines

When asked if the Navy has considered assigning women to submarines as well, Commodore Prytz answered that this would be scrutinized more closely after they have had more experience with women on other types of craft.

We asked if there had not already been a female cook on board a submarine.

"That is true. But she has now signed off. Subsequent reports indicated that having her on board was no problem. Submarine crews are always prepared for combat so they never take their clothes off while they are at sea. That did not cause any problems for the cook, according to her own account. Now we'll see how things go before we put women on subs," said Commodore Prytz.

Women Recruits

The Navy's recruit training school, KNM "Harald Harfagre" outside Stavanger, has already graduated 15 women recruits after Storting decided to open basic training to women on an equal footing with men. The plan is to accept 40 women recruits twice a year. In the future it will be possible for these young women to apply for shipboard service after they have finished their basic training. The only exceptions are minesweepers and submarines.

6578
CSO: 3639/51

OEVP MAKES PROPOSALS ON ECONOMIC, BUDGET POLICY

Vienna PROFIL in German 28 Oct 85 p 28

[Article by Walter Schwarz: "Count Robby's Turning Points"]

[Text] The final statement was dripping with solemnity: "To make certain that in the future reform measures will not only be discussed, but also implemented by the political decisionmakers, we herewith propose five principles to serve as a mandatory basis for action by a future OeVP [Austrian People's Party] government."

These are the five principles, published on page 62 of an OeVP Economic Program, which is to be adopted, among other things, in a caucus meeting of the opposition Blacks in Villach:

- The position of the minister for finance in juggling the budget is to be strengthened so as to give him the authority for actually solving budget problems. "Part of the budgetmaking process shall provide for strengthening the position of the minister for finance in finalizing the budget; at the same time, there shall be an improvement in parliamentary control over budget implementation. The Austrian Constitution shall in the future prescribe the establishment of a 4-year prospective budget, so as to make budget policy independent of opportunistic everyday politics. The motivation for making responsible budget proposals shall be guaranteed by expanding parliamentary control authority and the establishment of concurrent controls of budget implementation," are the words used in the OeVP paper.

- Jurisdictional overlaps in granting financial support by the ministries for science, transport and commerce shall be eliminated. It is urged that "in the future, all financial support, including that for economy-related technology policy, shall be concentrated in a 'Ministry for Economy'."

- The Black creators of ministries demand that in energy policy, "the political responsibilities of the minister for commerce and energy shall again be clearly and unambiguously defined." "Political legitimacy" is to be rescinded in the case of the "government expert for energy policy;" Joern Kaniak's position is therefore to be simply eliminated "in favor of a clear definition of ministerial responsibility." In case of major projects involving energy policy, there are to be mandatory procedures for "environmental impact assessments with citizen input," guided by a single agency in a standard proceeding.

- "To reestablish fair income and job opportunities in all regions of Austria," regional political jurisdictions shall be transferred back to the Office of the Federal Chancellor from the Ministry for Economy and Transport.

- The advisory bodies, boards and commissions which have proliferated "in the governmental environment" shall be "critically examined as to their necessity and functional capabilities;" clear specific responsibilities of individual ministers must be reestablished--this is the Black's challenge to the committee-riddled republic.

OeVP economic spokesman Robert Graf is the intellectual godfather of the opposition paper, which is a mixture of previously elaborated proposals (e.g., the tax reform draft and the denationalization plan) and new concepts, among them 13 points for a "change in industrial policy." "Graf [Count] Robby's" idea of industrial change: a bottom line of 50,000 new jobs to be created within the next 10 years. Quoting from the OeVP paper: "Ten years from now at the latest there should be 10 to 15 Austrian industrial enterprises or corporations with sales of between 5 and 20 billion schillings which are neither state-owned nor subsidiaries of multinational corporations."

Among other things, the 13 industrial policy change points demand that research and development be supported "in a fashion similar to that practiced in other Western nations," e.g., up to 50 percent of expenditures and the cost of R&D personnel for 5 years. For new production costs (e.g., in electronics, biotechnology, environmental technology) "support funds up to 30 percent of start-up costs are to be granted."

"Graf Robby" would expect his changes to provide some largesse for state-owned enterprises also: "To improve their capital situation, both state-owned and bank corporation-owned enterprises must be given access to the Austrian capital market; member enterprises of the OeIAG [Austrian Industrial Corporation] would be limited to a 40 percent share of private capital." Industrial subsidiaries of banks would be exempt from this upper limit. As a matter of principle, the OeVP concept presses for stimulation of the private investment capital market, which "in the short term could generate 4 to 10 billion schillings annually in additional internal capital." A prerequisite for this would be that the investor would see an advantage in placing a part of his savings in a somewhat more risky investment.

The Blacks assign a total of 20 individual demands to the consolidation and reorganization of the national budget. Among other things:

- "Budgetary maneuvering latitude must be improved through radical limitation of government securities management, rigid line item allocation and Federal guarantee promises which affect the budget."

- "A radical reform of the prehistoric organization of the OeBB [Austrian Federal Railways] must result in cutting the OeBB deficit at least in half...."

- "In line with less bureaucratic and more cost-efficient management, one goal is to eliminate the government-operated railroad and postal services from the budget and to convert them into private corporations...."

9273/12859
CSO: 3620/92

ECONOMIC AUSTRIA

SMALL DROP IN TRADE WITH SOVIET UNION NOTED

Vienna INTERNATIONALE WIRTSCHAFT in German 24 Oct 85 p 15

[Article: "Trade with the USSR--Austria is Foremost Among Small Trade Partners"]

[Text] Severe traffic interruptions caused by the hard and long winter, especially the virtual standstill of Danube traffic, caused a significant drop in Austrian-USSR trade in the early part of this year. Austrian exports [to the USSR] dropped by 24.5 percent, Austrian imports by 39.5 percent. However, during the months that followed these declines were largely made up for. From January through July, Austrian exports amounted to 8.3 billion schillings--a drop of 0.9 percent; Austrian imports dropped by 10.5 billion schillings-- a drop of 4.8 percent. The Austrian trade deficit for this period amounts to 2.2 billion schillings, compared with 2.6 billion schillings at the end of July 1984.

The share of USSR business of total Austrian exports, which had climbed from only 2.7 percent in 1980 to 4.47 percent by 1984, regressed to 3.97 percent during the first half of 1985. While the USSR remained the largest export market in the CEMA area, it was only seventh among Austrian worldwide export countries (having been number four the year before) after the FRG, Italy, Switzerland, the United States, Great Briatin and France. At the same time, the share of USSR imports of the total Austrian imports dropped from 5.0 to 3.8 percent.

With a continuation of the present trend of a further small increase in exports and imports for the second half of 1985, total Austrian exports for the year should amount to about 14 to 15 billion schillings, compared to 19 to 20 billion in imports; this would result in an Austrian trade deficit of 4 to 5.5 billion schillings, i.e., about the same as last year.

The share of Austrian deliveries to the USSR in the total USSR imports, which had increased from barely 1 percent in the early 1980s to 1.36 percent in 1984, was again reduced to 1.1 percent during the first half of 1985. The Austrian market share of USSR exports amounted to 4.5 percent of exports to the West and 1.1 percent of overall exports during the first half of 1985.

According to Moscow statistics, Austria was in first or second place among the smaller Western trading partners in the first half of 1985. According to Soviet statistics, the trade volume with Austria from January through June 1985 amounted to 772.6 million rubles, a drop of 10.4 percent. Soviet exports to Austria are said to be 370 million rubles, or minus 2.9 percent; imports from Austria: 402.6 million rubles, down 16.3 percent.

In view of the long-term sheet metal and pipe orders from the USSR to the VOEST-Alpine, the structure of Austrian exports has for many years consisted of a large share of "processed goods" which thus occupy the number one position among the export main item groups. The value of steel goods exports (pipe and sheet metals, structural and strip steel) mounted by 0.3 percent, to 2.6 billion schillings, during the first half of 1985. The second largest group of merchandise is machinery, which reached a record 4.2 billion schillings in 1984, mainly due to the delivery of the Shlobin compact steel plant, constructed by VOEST-Alpine together with more than 200 Austrian subcontractors. While during the first half of the year deliveries of machinery and transport items dropped by 18.7 percent, their value of 1.8 billion schillings still constituted 26.1 percent of total exports. Water transport vehicles, with a value of 1.2 billion, were the single largest item of this group of merchandise. There was a favorable development in the export of machine tools, especially textile and food processing machinery; building, paper, office and data processing machines were less favorable. The value of exported electric motors dropped by 56 percent, that of communications equipment rose by 49 percent.

Consumer goods were the third largest export goods group. The main item among them were shoes--an increase of 28 percent to 482 million schillings, followed by clothing--up 346 percent to 183.8 million. Other important merchandise consists of printing products, synthetics, lighting fixtures and measuring and testing instruments. Food exports occupy fourth place in the first half of the year, at 672 million schillings-- down 13 percent. Main export items were wheat, dairy products and meat. With chemical products--in fifth place--last year's decreasing trend was overcome with an increase of 12.3 percent to 405.2 million schillings. The main export articles in this group are plastics and synthetic resins, also paint and tanning materials. Pharmaceutical exports showed good progress. Austrian raw materials exports to the USSR consist mainly of synthetic fibers.

Austrian imports from the USSR continue to be dominated by fuels and energy carriers; during the first half, at 6.6 billion schillings (down 7.5 percent), not as significantly as heretofore. Natural gas imports increased by 23.6 percent, to 5.3 billion schillings, oil imports dropped by 58 percent, to 1.05 billion; coal deliveries dropped by 27 percent to 211 million schillings.

Austrian raw materials imports (992 million schillings, up 5.8 percent) consist mainly of ores and scrap metal (633 million, up 16 percent). Within the "processed goods" group (268.7 million schillings) the largest item are the non-ferrous metals with 148 million schillings; among chemical products (230 million schillings) about one-half consists of synthetics imports. In fifth place is the machinery and vehicle group, with a delivery value of 59.3 million; more than one-half of it consists of Soviet automobiles and spare parts. Austrian imports of food products (30.1 million) and consumer goods (16 million schillings) are relatively insignificant.

9273/12951
CSO: 3620/79

ECONOMIC FEDERAL REPUBLIC OF GERMANY

STUDY FINDS YOUTH CRITICAL OF, NOT HOSTILE TO TECHNOLOGY

Bonn AUS PARLAMENT UND ZEITGESCHICHTE (supplement to DAS PARLAMENT) in German 21 Sep 85 pp 27-37

[Article by Rainer Geissler: "Hostile to Technology and Averse to Work? - On the Change in Youthful Attitudes"]

1. Introductory and Methodological Remarks

"The youth of today is fundamentally corrupt, it is evil, impious and idle. It will never be as good as youth used to be, and it will never succeed in preserving our culture."

To express their worries about the moral decay of the young generation, Babylonian culture critics scratched this self-righteous judgment of youth on clay tiles 5,000 years ago. Crude generalizations of this nature are no longer customary, but our youth sees itself exposed to more or less sweeping reproaches on the clay tiles of our ago--the mass media. In recent years, we heard many critical voices in reference to youthful attitudes to technology and work effort. Scholars and reporters, politicians and economists accuse the young of weariness and rejection of technology, hostility to technology or even downright hatred of technology,(1) they talk of aversion to work and effort, the avoidance of responsibility, the zero generation.

What would it mean if youth really were as its critics assert, if it were hostile to the technological world, anxious to avoid the expectations of society with regard to its contribution? Modern industrial society is both a technical-scientific civilization and a performance society. In a technical-scientific civilization, technology--its machines and appliances--permeates all social life; scientific-technological development and social development are indivisbly linked to one another. Moreover, a performance society assumes that the claims on performance are suitably met in the work world. If we consider only the beneficial aspects of technical advance and the implementation of the performance principle, we may well claim that a highly developed technical infrastructure and a large measure of willingness to perform represent the basis of high-volume commodity output and efficient services, competitive capacity in science, industry and business, prosperity and the standard of living of large groups of the population, safety and health, greater ease of work and recreational amenities.

Is youth about to turn its back on this basis? Is the "skeptical generation" of the postwar and reconstruction era, the "rebel generation" of the prosperous society being succeeded by a youth alienated from the foundations of the modern society and, with hostile aversion, abandoning it--this time without any revolutionary urge? Are hostility to technology and aversion to work spreading, and should this be interpreted as the symptom of the "departure" from the scientific-technical performance society, a step on the way to the "great refusal" that Herbert Marcuse called for 20 years ago?(2) Are our children and grandchildren endangering the heritage of their fathers and grandfathers?

The following aims to answer these questions on the basis of empirical materials to hand. We had at our disposal a plethora of polls relating to the attitudes of youth and selected mainly those which posed these same questions at various points in time, so that the results are suitable for comparison. This procedure offers two advantages: On the one hand it permts us to offer empirically based indications of trends in the change of attitude, on the other we get more persuasive and illuminating statements from percentages which can be compared in terms of the various periods of time than we would get from figures arrived at in isolation.

Many objections may be raised with regard to the use of polls by attitudinal research. I will briefly deal with two major criticism of panel analyses or data obtained from public opinion institutes. It is indeed conceivable that the persons polled at various times may interpret the same questions in a different manner; the "meaning" of a question may have changed. Such "shifts in meaning" cannot be rejected out of hand; however, they do not necessarily occur in each case. In connection with research on the change in values, this question of methodology was also reviewed empirically, with the result (encouraging for panel users) that the meaning of the questions studied had not changed in the course of time.(3) The following analysis of time series is based on the assumption--empirically unchecked but plausible--that the context of meaning of the questions used has remained the same during the entire period under review. In other words, it is suggested that the shifts in response indicate a change of opinion or attitude, not a change in the meaning of the indices used.

The second objection is to the effect that the answers to single questions cannot accurately reflect attitudes, and that--in the jargon of the experts on methodology--single answers are unreliable and not very valid indicators of the opinions and attitudes claimed to be measured thereby. The following analysis takes into account this objection in so far as the interpretation of the empirical data does not rely on isolated and single questions and answers but always on a group of questions, a "sample" of answers which deal with similar topics.(4)

II. Attitudes to Technology

1. Rising Interest in Technology

The first thesis to be deduced from numerous studies is this: The interest of youth in technology and its products has definitely risen in the past 20 years.

In 1981, considerably more young people than in 1965 are interested in cars and motorcycles, radio and television, technological hobbies, drafting and similar pursuits. The [illegible] statistical data of the Shell studies dating from 1965 and 1981 respectively (5) are merely quantifying something that is quite evident to the observer of daily life: The cult of the motorcycle and enthusiasm for cars is just as much part of the image of modern youth as the fascination for entertainment electronics or pleasure in playing games on the home computer. Adolescents are often better informed about microelectronics than their elders.(6)

Nevertheless, it was in the second half of the 1970's that the catchword about the young generation's hostility to technology first surfaced. These fears were primarily derived from the observation that engineering courses at the colleges and the engineering related courses in the senior grades of the secondary school had obviously lost popularity.(7) It was very rash, though, to interpret the relative decline in the figures for engineering students and the relatively weak standing of mathematics-natural science studies after the reform of the senior grades at the secondary schools as the sign of alienation from technology. This is demonstrated very clearly by the fact, for example, that 2.5 years ago a veritable rush to the engineering disciplines occurred, once it became public knowledge that engineers allegedly threatened to be in short supply. Nor does the relative caution regarding the choice of mathematics-natural science studies have much to do with increasing hostility to technology. Actually it is due mainly to the equality achieved by girls in the institutions of higher education.

2. On the Girls' Reservations about Technology

In connection with the interest in technology, we must emphasize that sex specific differences are certainly important also for attitudes to technology. Girls and women have always been and still are less interested in technology. When asked, 57 percent of boys at 18 testify to a very strong interest in technology, only 13 percent of girls do so. By comparison, two thirds of the girls have little or very little interest in technology, compared with only a quarter of the boys.(8) All the evidence shows that these differences have nothing to do with the biology of the sexes but are the product of society. Firmly rooted prejudices about the special feature of the "female nature" and the "male nature" induce girls from the age of infancy to believe that technology is something for men only. They are given doll houses instead of tool kits. Their abilities for technical competence wither away and with them their interest in technology.(9)

In the past 10 years, educational reforms have abolished the discrimination of girls in the academic secondary schools, enabling women to increasingly enter colleges. As a result, the traditionally female (and that means non-technological) interests are coming to the fore there. At both the reformed academic senior grades at school and the colleges, women select "their" fields of study, and these are not technical. Mathematics is the most popular course for boys at the academic secondary school. Girls, on the other hand, usually decide for foreign langues, biology and German; mathematics ranks fourth. Physics takes fourth place among the boys, a lowly 10th place among the girls.(10) At the universities, too, young women avoid the engineering sciences: There are only 7 women among 100 civil engineering students, and not even 2 women among 100 electrical engineering students.(11)

Though Federal German society has conducted the girls to the institutes of higher education, it neglected to conduct them also toward technical civilization.

3. Sensitization To the Perils of Technology

The empirical data yield a second suggestion: In the past 20 years, youth has become more critical of its technological environment.

Optimistic faith in technology has been increasingly replaced by sensitization to potential perils liable to be generated by techynical innovations. The the question of the "curse" or "blessing" of technology is asked in relatively pointed and extreme terms, the change in attitude presents itself as follows:(12)

Among the 16-20 age group, the following percentages believed that technology generally represents

	1966	1976	1981
	Percentage		
More like a blessing	83	53	23
Yes and no	8	33	54
More like a curse	2	8	19

In response to the "softer" phrasing of the questions by Emnid and Infratest, there is a shift in favor of technology. About half the youths in 1981 are technology optimists with a favorable attitude to technology and feel that the agreeable aspects of technological progress predominate. Roughly a third are ambivalent, and according to them, neither the pleasant nor the unpleasant aspects of technological progress predominate. The group of skeptics or pessimists is the smallest: About a fifth are somewhat skeptical about technology, and something like a sixth think that the unpleasant effects of technical progress predominate.(13) According to the latest Emnid poll, 18 percent of the 20-29 age group believe in the predominance of the unpleasant effects of technical progress; only 7 percent of teenagers share that opinion.(14)

When we somewhat more exactly trace the outlines of attitudes to the technological world, we note that the judgement of the young on technology is sometimes uniformed but all the same quite sophisticated and varied. Technology as such is not the object of criticism, only specific manifestations of the technological world. In 1984, Emnid asked for the most unpleasant effect of technical development and obtained the following answers (percentages):(15)

	16 - 18 age group	20 - 29 age group
Environmental pollution	20	26
Unemployment	14	25
Nuclear energy, nuclear weapons	7	6
Weapons of destruction, missiles	6	2

The destructive potential of weapons systems and nuclear power plants are in fact important focal points of the criticism of technology,(16) but they are relatively rarely considered the most unpleasant aspect of technological development. Anxieties are primarily centered on the destruction of the environment and the shrinkage of jobs. About half the young believe that technical progress causes unemployment and adversely affects the quality of labor. No more than 20 percent agree with the opinion that technology makes work more interesting, while 50 percent believe that technology makes for greater monotony. It is interesting to note in this connection that this pessimistic assessment of the consequences of technology is due to lack of information and experience, because the vast majority of people at work, whose jobs were changed in recent years by technical innovations, consider the effects of technological progress to be beneficial: 50 percent thought their work was now more interesting, only 13 percent complained of greater monotony.(17) In the metal industry, jobs involving electronics are judged to be better than other jobs; they are more interesting, less monotonous and offer greater variety, allow for more independence and afford more enjoyment--they are also more instructive. Admittedly, unskilled and semiskilled workers complain about increasing monotony and loneliness due to technicalization.(18)

The disappearance of an uncritical optimism regarding technology is not a phenomenon confined to the young. Adults, too, have become more sensitive to the dangers of technology. The change in the attitude of the young is part and parcel of a similar change in the general public. Young people are merely exposed to it to a somewhat greater extent. By comparison with adults they are also slightly more critical of, and less optimistic about technological development.

4. Causes of the Trend

What are the causes of this change in attitude?

Criticism of technical progress is not a modern invention, it is actually as old as technical progress itself. In modern Germany, we may note three tendencies of the criticism of technology: New humanism, conservative cultural criticism and left cultural criticism. The followers of the new humanist educational ideal downgrade technology to a minor matter lacking the consecration of genuine culture.(19) Conservative cultural critics such as Oswald Spengler, Ortega y Gasset or Ernst Juenger and, among the sociologists, Arnold Gehlen and Helmut Schelsky, complain about the alienation of man in a technicalized world of large bureaucratic organizations. Left cultural critics, among them Max Horkheimer, Herbert Marcuse or Ivan Illich, also denounce the oppression of man by technology.

These critical interpretations of technical development have long been available as ideological models. Why is it that they found specially fertile soil in the past 20 years?

Educational System: The German educational system often serves as a scapegoat. It is alleged to be the breeding ground of alienation from and criticism of technology. However, this perception is patently erroneous. It may be considered the reflection of an antipedagogical resentment that is contradicted by empirical evidence. While it is true that German educational facilities display some hesitation in cutting loose from their new humanist tradition, they have never been a center of hostility to technology. Actually we have some proof that secondary school teachers are more optimistic about technology than the average of the general public.(20) That is also why half all school students consider their teacher's attitude to technology to be favorable; only 10-13 percent report negative influences at school.(21) The educational system's contribution to the change in attitude may be due rather to the fact that the general rise in educational standards has resulted in greater sensitivity to the ambivalences of technical development.

Change in values: The changes in attitudes to the technical world are also linked to the general shift in the value system of Western industrial societies. So-called material values, such as a strong defense or economic growth, are losing ground to the so-called post-material values such as codetermination or the wish for a sound environment or nature. The young are more strongly exposed to this change in values than are their elders. Faith in technology tends to be perceived as part of the sphere of material values, criticism of technology as part of the sphere of post-material values.(22)

The crises of the age: It seems likely that the crises in the economic, social, technical and military development in Western industrial states have affected the change in attitude rather more than the expansion of education and the shifts in value system. The catchwords are: Energy crises, economic crises, environmental crises and the pollution of waters, furthermore the perils inherent in nuclear power plants. At the same time, the major industrial countries have demonstrated their inability to control the steady growth of their destructive potential.

5. Appraisal

There is nothing to be concerned about in the fact that unlimited faith in technology is changing to critical loyalty. On the contrary: Youth which is interested in technology but at the same time critically observes technological development and its ambivalences, will appropriately respond to the two faces of the technological world, its opportunities and dangers. On the other hand, some anxiety is due the fact that we have had a rise in the minority of technology pessimists, some of whom are turning their back on technological civilization or even rebel against it.

III. Attitude to Performance

1. Less Identification with Work and Performance

Helmut Schelsky describes the postwar young of the 1950's as the "skeptical generation" and also as the "adapted generation." It is skeptical toward political and ideological promises but, at the same time, "adapted to and able to cope with the structures and requirements of the modern society to a greater extent than any generation of young before them."(23) The young are fully integrated in the work life of the reconstruction phase: Willingness to work, readiness to perform and satisfaction with work and profession are their characteristic features.(24)

Data culled from polls in the 1960's and 1970's show that the attitudes of the young to the requirements of work life have indeed changed. This attitudinal change is best demonstrated by some data from the Allensbach Institute for Demoscopy which over and over again asked the same questions across long periods of time.

-- The first series refers to job satisfaction. The feeling of finding full and complete satisfaction in the job of the moment initially expanded in the 1960's but started to decline from 1967 on and, in 1980, was well below the 1960 level.

Job satisfaction among the 16-29 age group (percentages):(25)

Present Job	1960	1967	1973	1980
Fully and completely satisfies me	46	60	46	33
To some extent only	47	34	46	56
Not at all	7	5	7	10

-- As the chances for full satisfaction by the job have declined, it is not surprising that the search for fulfillment has shifted to spheres outside work. Consequently, the view gained some ground among the 16-29 age group in the 1960's, especially, that it "would be most desirable to live without having to work."(26)

	1952	1960	1972	1980	1981
Agree	16%	22%	36%	36%	26%
Disagree	76%	70%	57%	53%	57%

The trend of one's interests increasingly turning away from the job to other fields is also visible in the replies to the following question: "What are generally your preferred hours of the day: The hours of work or the hours when you do not work, or do you like both of them?" The preferences of the 16-29 age group were as follows (percentages):(27)

	1962	1974
Hours at work	2	2
Hours not at work	36	51
Both	54	44

-- Another question confronts the young people with the alternative performance or enjoyment of life or taking it easy--a quite problematic alternative because it excludes the possibility that performance may make for enjoyment. Among the 100 young polled, the decision went to:(28)

	1956	1960	1964	1973	1977	1980	1982
Enjoyment and no more effort than necessary	33	37	37	49	50	43	45
Perform well, even if that should be often hard and strenuous	52	53	54	33	35	31	33

The readiness to perform grows less in the 1960's, hedonistic attitudes and the desire to take it easy increase somewhat. Typical for the more restrained willingness to perform is this statement by a student aged 24: "I will not give in to the pressure to perform as much as many others. I esteem private bliss more than professional success. This does not mean that I will not perform well in my future profession, but only to a certain extent."(29)

-- In the 1970's, too, the distance kept with regard to social performance demands has continued to grow somewhat. This is revealed by a study conducted by the youth agency of German Shell, dealing with the 17-29 age group. The feeling of being severely tested at school, university or job has slightly increased.(30) In 1972, 23 percent considered the demands made excessive, 33 percent did so in 1979. At the same time, dismay at the demands of the performance society had spread. In 1973, 63 percent considered these demands appropriate and good, in contrast to only 44 percent in 1979. This impression is strengthened by the perception that these people were less eager to rise on the social ladder. In 1973, 67 percent of the young generation wished to be better off than their parents, 6 years later only 49 percent expressed the desire for a higher social status.(31)

-- A new empirical study on the change in attitudes to performance in the total population of the Federal Republic arrives at the conclusion that the increasing alienation from performance, profession and work, demonstrable since the early 1960's, is not continuing at the present time. We see some indications that this trend has diminished due to the shortage of paid work, which began in the second half of the 1970's, and that indeed job performance is now enjoying greater esteem once more. "The pendulum of the change in attitudes seems to be swinging back."(32) Some materials from studies of young people suggest that this cautiously worded statement applies to the young generation, too.

In 1984, the Konrad-Adenauer Foundation repeated some questions already found in the 1979 Shell study.

Though, in view of the difference in age groups, the studies are not directly comparable, we may conclude that the young have begin in the recent past to be more oriented to performance and professional success. However, the data base is too narrow for us to be able to deduce a confident statement on a change in trends regarding the attitude to performance and work.(35)

	1979(33)		1984(34)
	17-19 age group	20-23 age group	14-21 age group
Performance and success are a definite part of my life	45	43	78
I wish to get ahead in my career	47	39	71
I will try to withdraw from the pressure to perform, because I definitely reject it	23	31	29

In general, therefore, the trend analyses reveal the following: In the 1960's and 1970's, changes occurred in the attitudes of some of the young to performance and work. The total identification with work loosened. A certain distance was preserved toward the performance society. The demands made by training and the job were more often felt to be excessive, motivation for rising on the social scale was weaker, the readiness to perform slackened, the meaning of life and fulfillment were sought more in spheres additional to or outside working life--in private life, the family, also in social and political commitment or other leisure activities. This development evidently came to a halt in the second half of the 1970's, and there are some scant indications that performance and work have lately begun to once more enjoy greater esteem.

At this junction, I must reiterate my remarks on the change of the attitude of the young to the technological world: The changes described are not manifestations exclusive to the young. The increase in the distance assumed with regard to work and performance is demonstrable among adults also.(36) The attitudinal change in the young is rooted in the corresponding changes among the public at large. This development proceeds somewhat more dynamically and acutely among the young than in adult society, because the young are generally less well adjusted to social demands due to their youth and the shorter socialization process. The features of change are therefore more sharply defined in them.

2. Causes of the Change

So much for the trend analysis. What are the causes of the attitudinal change described?

The following statements on the causes of these changes must carry two provisos. On the one hand they are in part based on plausibility assumptions, in other words some of them lack empirical evidence, though of course they are not contradicted by such evidence either. On the other hand, some explanations refer to life experiences not yet known to some of the young people, for example experiences in the family or the working world. These are therefore applicable more to the change in attitudes of adults or young people who are married or working. We may assume that the attitudinal change develops its own dynamism, that groups of the public with specific experiences convey it to other groups also. The young whose attitudinal models are still relatively insecure, are likely to be particularly subject to in such changes in trends.

We may distinguish four groups of causes.

a) Competition by Family, Consumption and Leisure

Vital spheres outside work are increasingly preoccupying energies and diverting them from the working world. This applies to the family as well as to the sphere of consumption and leisure. The outside work of women, their release from exclusive fixation on household and child rearing means that women--and increasingly also men--need to play a dual role: On top of the obligations of their work, they have obligations to the family. Family life not only serves as a recreation from professional work: Requiring work in the household and "parenting," it also makes demands on the time and mental energy of the gainfully employed workers. At the same time, the world of consumption and leisure has become more attractive. Greater prosperity and the tempting offers by the consumer goods and leisure industries have considerably improved the opportunities for consumption and leisure. Advertisers daily suggest to the wage earner that he might harvest the fruits of his efforts at work in the form of enjoyable consumption and leisure. Family, consumption and leisure are increasingly competing with the working world.

b) The Relative Satiation of Material Needs

The rise in prosperity has had the result that the prospect of higher incomes has lost some of its performance motivating force. As material needs have reached a point of relative satiety in the medium and upper classes, people are no longer willing to pay any price for the improvement of their social status or rises in income. The system of material incentives has lost much of its attractiveness for the wealthy groups of society.

c) Change in Values

While the satiety hypothesis is disputed,(37) satisfactory empirical evidence exists for the third group of causes. The changes in attitudes to work are linked with a general change in the value system. As carefully documented by Helmut Klages, the values of self-development such as involvement, emancipation, variety, enjoyment, tension, self-realization, independence, and so on, have gained importance in the past 30 years. Thrust into the background, on the other hand, were the so-called values of duty and acceptance--discipline, obedience, diligence, willingness to adapt, abstemiousness, and others.(38) This change in values is reflected in greater demands on the job: Interesting and varied work, meaningful employment, opportunities for codetermination on the job are now called for not only by the upper strata of employees but also by the middle layer of clerks and skilled workers.(39) The higher educational standard of the young generation is another factor in the greater demands on job activities. The hierarchical and organizational structures of the work world are unable to rapidly adjust to these higher expectations, so that the claims of the employees collide with the conditions prevailing on the job. Deception, dissatisfaction and, ultimately, internal alienation from the work world and withdrawal to leisure and private life are the consequences of the abyss between wishes and requirements.

It therefore seems to me justified not to equate the distance to the performance expectations on the job with a general drop in the willingness to perform. It may be useful to distinguish a traditional and a newer type of willingness to perform. The person with the traditional willingness to perform makes an effort to achieve objectives dictated from the outside. The newer type, on the other hand, is willing to perform only if the demand for performance at least to some extent conforms with his need for self-development and his own conceptions of what makes sense. If that is not possible in his job, he turns to other spheres of life to there turn in individual performances in his meaning. The traditional type accepts claims on his performance as imposed from the outside, the new type aims to codetermine the substance of the claims on his performance.

d) Poor Job Prospects

The young are more prepared to perform if they have faith in the success of their efforts. This connection is also empirically proven.(40) The currently poor chances of getting a start in professional life caused, by the permanent crisis on the labor market and made more acute for the young by the "birth mountain," impair their willingness to perform.

The unemployed young represent a special problem group. The performance society offers them no chance--at least temporarily and frequently for long periods--of proving their willingness and capacity to perform. It is not surprising, therefore, that half of them question the validity of the performance principle, and that only 25 percent believe that effort pays off.(41)

3. No Rejection of Work and Performance

Is there a danger that the attitudinal change described presages the end of the performance society? There is little cause for a pessimistic view of developments. To begin with, I would point out that the large majority of the young generation continues to assign work and professional success to the top group of their important life interests. To buttress this assertion, let me cite some results from various polls in the past 5 years:

-- Professional advancement counts among the important concerns of 91 percent.(42)

-- "A job that pleases me" is reckoned by 80 percent among the claims on life of particular importance for their personal lives.(43)

-- Almost 80 percent consider that life would be empty without work.(44)

-- Seventy-eight percent agree with the statement: "Performance and success in life are among my expectations."(45)

-- Seventy-one percent aim to advance in their careers.(46)

-- For 68 percent, pleasure in the job rank among the things making life worth living.(47)

-- The performance principle is affirmed by 68-75 percent.(48)

Vocational training also meets with a favorable assessment by a majority. It is enjoyed more than university studies or the school years. Though many young people fail to obtain their first choice of training place, due to the lack of trainee jobs, 62 percent of those young who are already in a job take pleasure in training and the job, compared with only 54 percent of university students and 34 percent of school students.(49) Lastly, the interest in continuing professional education is particularly strong among the young, about twice as strong as in the public at large.(50)

No more than a minority would like to escape the working life. They amount to around 20-30 percent of the young.(51) As the trend to a loss of importance of work and performance has evidently come to a stop, we do not at this moment have any reason to fear that this group might grow to dangerous dimensions or even turn into the majority. Admittedly, we need to keep the following aspects in mind: As mentioned before, the unemployed young are among the special problem groups; and young people who must make do with a job not consonant with their skills also tend to turn their backs on performance values.(52) The further growth of the group "alienated" from working life might therefore depend on the two following factors: First, whether we succeed in limiting and, if at all possible, reduce youth employment, and second whether it will be possible to bring into balance the level of demand and the work situation of the many young people who, as the result of the spread of education, earn medium and higher educational qualifications.

4. Appraisal: Appropriate Response

Critics of the attitudinal change to work and performance see threats to the performance society on the horizon; they interpret the development as the "creeping poisoning"(53) of working life, the decline of the work ethic, crisis, erosion or ruin.(54) However, another assessment of the facts of the matter seems plausible and almost more persuasive. A slight slackening of the identification with work and professional performance may also be interpreted as the appropriate response of the young to the structural problems of the industrial service society. The shortage of payable work appears to be a permanent problem of the modern work world which is being more and more rationalized and automated. The consequences--unemployment, part-time work, cuts in working hours--will be made to better agree with the needs of people if some members if the public no longer predominantly concentrate their need for self-realization on work and professional performance.

IV. Summing-up: Critical Faith in Technology and Performance

The analysis of the empirical data on the change in attitudes has demonstrated that labels such as "hostility to technology" and "aversion to performance" overdramatize the actual development. Only a minority of the young tend to turn their backs on the scientific-technological performance society. The majority attitude may best be described as critical faith. Vigilance with regard to the perils of technology has destroyed the old naive faith in technology, but the appreciation of the benefits of technological developments has not been lost. Simple acceptance of occupational performance expectations has been replaced by the critical scrutiny of the substance and dimension of the demands of the work world, but interest in work and the willingness to perform have not gone. Youth has emerged from the stage of naive identification with technology and performance and is rather more thoughtful now. As long as the genuine "refuseniks" remain a relatively small minority, there is no reason to fall victim to culture critical pessimism about the change in attitudes. On the contrary: Thoughtfulness with respect to technology and performance should be considered a more appropriate response to the challenges and problems of the high-tech industrial service society.

FOOTNOTES

1. See Horst Ziefuss, "Technikfeindlichkeit der Jugend - Eine Vergebliche Debatte?" [Youth Hostility to Technology - A Vain Debate?], Kiel 1983, pp 11ff.

2. Herbert Marcuse, "Onedimensional Man," Neuwied-Berlin 1967, pp 266ff.

3. Heiner Meulemann, "Change in Opinion and Change in Meaning," ZEITSCHRIFT FUER SOZIOLOGIE, 13 (1984), pp 204-224; see also Klaus R.Allerbek/Wendy J.Hoag, "Poll Replication as Measurement of Social Change," KOELNER ZEITSCHRIFT FUER SOZIOLOGIE UND SOZIALPSYCHOLOGIE (1984), pp 755ff.

4. See Klaus Allerbek, "System Interpretation and Social Role Models of Youth," "Aus Politik und Zeitgeschichte" [From Politics and Contemporary History], Vol 50/84, p 15.

5. Youth Agency of German Shell (publishers), "Jugend, Bildung und Freizeit" [Youth, Education and Leisure], 1966, p 223' Youth Agency of German Shell (publisher0, "Jugend '81" [Youth 1981], Vol 3, Hamburg 1981, p 27.

6. Bernd Meier, "Die Mikroelektronik," Cologne 1981, p 94.

7. More detailed data at Rainer Geissler, "The Attitude of the Young to the World of Technology," in Thomas Roser/Winfried Schlaffke (editors), "Jugend und Technik" [Youth and Technology], Cologne 1983, pp 23f.; see also Federal Union of Employers' Associations, "Ingenieurbedarf und Bildungssystem" [The Demand for Engineers and the System of Education], Cologne 1981; CDU/CSU Bundestag fraction, study group 15, collection of documents, "Hostility to or Fear of Technology Among the Young Generation," manuscript, Bonn 1981.

8. The Federal Minister for Education and Science (publisher), "Jugend und Technik - Technik und Schule" [Youth and Technology - Technology and the School], Bad Honnef 1982, p 43; see Elisabeth Noelle/Erich P.Neumann (editors), "Jahrbuch der Oeffentlichen Meinung 1968-1973" [1968-1973 Yearbook of Public Opinion], Allensbach-Bonn 1974, p 141.

9. See, for example, Christiane Schmerl, "Sozialisation und Persoenlichkeit" [Socialization and Personality], Stuttgart 1978, pp 134ff.

10. The Federal Minister..., (note 8), p 75.

11. The Federal Minister for Education and Science (puiblisher), "Zur Situation von Maedchen und Frauen im Bildungswesen" [On the Situation of Girls and Women in the Educational System], Munich 1981, p 119.

12. Ministry for Science and Art (publisher), "Kritik an der Technik und die Zukunft Einer Industrienation" [Criticism of Technology and the Future of an Industrial Nation], Villingen-Schwenningen 1982, p 7.

13. Siemens AG (publisher), "Majority for Technology and Technological Progress," manuscript, Munich 1981, p 2; EMNID-INFORMATIONEN (1981), 1/2, S.A.50f.; the proportion of skeptics of technology is greater in the

study by the Federal Ministry for Education and Science (BMBW) (note 8) (pp 18ff), because students at academic secondary school are much overrepresented.

14. EMNID-INFORMATIONEN 1984, No 5, S.A.46

15. Ibid, S.A. 42.

16. See Youth Agency..., (note 5), 1981, p 83; INFAS, "Zur Situation der Jugendlichen in Nordrhein-Westfalen" [On the Situation of the Young in North Rhine/Westphalia], Bonn-Bad Godesberg 1982, p 29.

17. Siemens... (note 13), pp 6f.

18. IWD (1983) 43; Peter Pawlowsky, "Group Profession Specific Demands on Work and Working Conditions," in Hans-Joachim Hoffmann-Nowotny/Friedhelm Gehrmann (editors), "Ansprueche an die Arbeit" [Demands on Work], Frankfurt/New York 1984, p 102.

19. See Theodor Litt, "Das Bildungsideal der Deutschen Klassik und die Moderne Arbeitswelt" [The Educational Ideal of The German Classics and the Modern Work World], Bochum 1959, p 66.

20. Ministry... (note 12), pp 8, 32.

21. The Federal Minister... (note 8), p 48.

22. Ronald Inglehart, "The Silent Revolution," Princeton 1977, pp 32ff; Helmut Klages, "Change in Value and the Crisis of Society in the Social State Democracy," in Joachim Matthes (editor), "Krise der Arbeitsgesellschaft? Verhandlungen des 21.Deutschen Soziologentages in Bamberg 1982" [Crisis in the Work Society? Discussions at the 21st Conference of German Sociologists in Bamberg 1982], Frankfurt-New York 1983, pp 341ff; Walter Hornstein and others, "Jugend Ohne Orientation" [Directionless Youth], Munich 1982, pp 118ff; Klaus Wasmund, "Youth and Changing Values in Modern Industrial Societies," in Klaus Wasmund (editor), "Jugendliche - Neue Bewusstseinsformen und Politische Verhaltensweisen" [The Young - New Forms of Consciousness and Political Behavior], Stuttgart 1982, pp 104ff; Uwe Goebel and others, "Das Jugendsyndrom" [The Youth Syndrome], Cologne 1983, pp 76ff; Helge Pross, "Was Ist Heute Deutsch? Wertorientierungen in der Bundesrepublik" [What Is German Now? Value Orientations in the Federal Republic], Reinbek near Hamburg 1982, pp 90ff; Thomas A. Herz is critical of the suggestion of a change to post-material values, see "Klassen, Schichten, Mobilitaet" [Classes, Strata, Mobility], Stuttgart 1983, pp 281ff.

23. Helmut Schelsky, "Die Skeptische Generation" [The Skeptical Generation], Frankfurt-Berlin-Vienna 1975, p 77.

24. Ibid, pp 214ff.

25. Source: Allensbach Archives, current polls, quoted as per Karl-Oswald Bauer/Dirk Hellmann/Hermann Pardon, "Einstellungen und Sichtweisen von Jugendlichen. Trends und Neue Ergebnisse der Jugendforschung" [Attitudes and Viewpoints of the Young. Trends and New Results of Youth Research], Einheim 1983, pp 27f; see also the more recent cross sectional data on the attitudes of the young to work in "The Destabilized Generation. Youth and Change in Values. A Report by the SINUS Institute, Compiled on Behalf of the Federal Minister for Youth, Family and Health," Opladen 1983, p 85; Elisabeth Noelle-Neumann/Edgar Piel, "Allensbacher Jahrbuch der Demoskopie 1978-1983" [Allensbach Yearbook of Demoscopy for 1978-1983], Vol 8, p 427; EMNID-INFORMATIONEN (1984) 3/4, S.A.30ff; Elisabeth Noelle-Neumann/Burkhard Struempel, "Macht Arbeit Krank? Macht Arbeit Gluecklich? Eine Aktuelle Kontroverse" [Does Work Make You Sick? Does Work Make You Happy? A Topical Controversy], Munich 1984, pp 1485,110.

26. Source: Allensbach Archives, current polls, here quoted from Karl-Oswald Bauer and others (note 25), pp 30f; see also later cross sectional data on the complex "Life Without Work?" in "The Destabilized Generation" (note 25), p 83; EMNID-INFORMATIONEN, (1983) 010, S.A.45ff.

27. Source: Allensbach Archives, current polls 253, 3002; here quoted from Helmut Klages, "Wertorientierungen im Wandel. Rueckblick. Gegenwartsanalyse. Prognosen" [Changing Value Orientations. Retrospective. Analysis of the Present. Forecasts], Frankfurt-New York 1984, p 108.

28. Source: Allensbach Archives, current polls 1000,1041,1086, 2096, 3039, 3080,4015, here quoted from Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), p 11.

29. Youth Agency of German Shell (publisher), "Die Einstellung der Jungen Generation zur Arbeitswelt und Wirtschaftsordnung 1979" [The Young Generation's Attitude to the Work World and the Economic System in 1979], Hamburg 1980, pp 41f.

30. See also Elisabeth Noelle-Neumann/Edgar Piel (note 25), p 437; Klaus Wasmund (note 22), p 59.

31. Youth Agency of German Shell (note 29), pp 40f, 44.

32. Norbert Marissen, "Leistungsorientierung in der Bundesrepublik Deutschland. Einstellungsveraenderungen als Folge einer sich Wandelnden Berufsstruktur" [Performance Orientation in the FRG. Attitudinal Changes as the Consequence of a Changing Occupational Structure], dissertation, Siegen 1985, p 53; a cautionary note says: "This statement is definitely to be handled cautiously, because this recent development is still devoid of a sufficient number of criteria."

33. Youth Agency of German Shell (note 29), Table 15.

34. Hans Joachim Veen, "Optimism Is Growing As Well As the Risks. Latest Public Opinions on the Political Culture and the Value Orientations of the Young," FRANKFURTER ALLGEMEINE ZEITUNG, 2 May 1984.

35. Another slight indication of the tendency outlined is given in an international study of young people. Admittedly, an operative attitude to work is widespread among young FRG people but has declined slightly between 1978 and 1983. In 1983, 22 percent of the young worked "to find self-confirmation," compared with 15 percent in 1978. In 1983, 13 percent wished to work to "meet their obligations as members of society"; in 1978 they accounted for only 11 percent. See EMNID-INFORMATIONEN (1984) 6/7, p 7.

36. Heiner Meulemann, "Value Change in West Germany, 1950--1980: Integrating the Empirical Evidence,: in SOCIAL SCIENCE INFORMATION, 22 (1983), pp 782ff; Helmut Klages (note 27), pp 57ff; Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), pp 9ff.

37. See Randolph Volmmer, "The 'Toni-Kroeger Syndrome' - Or: How Much Has the German Work Ethic Slackened?" in Hans-Joachim Hoffmann/Nowotny/Friedhelm Gehrmann (editors) (Note 18), pp 28f.

38. Helmut Klages (note 27), pp 17f.

39. Peter Pawlowsky (note 18), pp 94ff.

40. Norbert Marissen (note 32), pp 84 and 113ff.

41. Hartmut Grewe, "Critical Optimism on the Threshold to Working Life. Latest Data on the Social Environment of the Young," DIE FRAU IN UNSERER ZEIT, 2 (1984), p 26. On the connection between youth unemployment and performance orientation, see also Norbert Marissen (note 32), pp 103, 112.

42. Hans Joachim Veen, "Between Satisfaction and Protest," in "Materials for Civics Instruction 1981," p 54.

43. Youth Agency of German Shell (note 29), Table 36.

44. Henning Guenther, "Die Verwoehnte Generation?. Lebensstile und Weltbilder 14- bis 19jaehriger" [The Spoiled Generation? Lifestyles and World Images of 14-19 Year Olds], Cologne 1982, p 117.

45. Hans Joachim Veen (note 34).

46. Hans Joachim Veen, "The Post-material Revolution Has Not Happened. 1983 Youth Study Signals Satisfaction," DAS PARLAMENT No 21, 25 May 1985.

47. Elisabeth Noelle-Neumann/Edgar Piel (note 25), p 105.

48. Hans Joachim Veen (note 42), p 54; Henning Guenther (note 44), p 117; Ansgar Pieper, "Youth Polls. Reports. Appraisals," in Uwe Goebel and

others, "Das Jugendsyndrom. Versuch Einer Diagnose" [The Youth Syndrome. Attempt at a Diagnosis], Cologne 1983, p 76; Hartmut Grewe (note 41), p 26.

49. Hartmut Grewe (note 41), p 22.

50. Ansgar Pieper (note 48), p 77.

51. See note 26.

52. Norbert Marissen (note 32), p 96.

53. Elisabeth Noelle-Neumann, in Elisabeth Noelle-Neumann/Burkhard Struempel (note 25), p 193.

54. Examples from Randolph Vollmer (note 37), pp 16, 41.

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BUSINESSES' FREE REIGN TO CONTROL COMPETITION

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 23

[Article by Pellervo Alanen and Kustaa Hulkko: "Promised Land of Competition Restraints: Business Firms in Finland Are Allowed to Operate Freely to Prevent Competition"]

> [Text] Why is the Central Organization of Meat Producers permitted to crush in its embrace its last noteworthy competitor?
>
> Why is the state enterprise Kemira still allowed to maintain a 100-percent monopoly on fertilizer and to forbid central stores from selling foreign fertilizers?
>
> Why isn't milk one of the items a store sells?
>
> Why do television stores only grant discounts which are jointly agreed upon?
>
> Because Finland is the promised land of restraints on competition. Here you are given a virtually free hand to restrict competition.

When the manager of a Finnish business firm delivers a speech, he swears in the name of free competition at the climax of the speech. Free competition is the "salt of business life" for both the state monopolist and the shopkeeper.

A week later, in the name of freedom to buy up competitive firms, the monopolist has purchased the last serious competitor. This is the way other people--not just those in cooperative associations--also operate.

Altogether 652 competition restraints are noted in the competition register of the Trade and Industry Administration. A good 40 firms are listed which occupy a controlling position in the market of certain goods. Most of the competition restraints are core agreements in the field, exclusive rights, etc.

Anticompetition viewpoints have also been expressed in the debate on competition. Even those who in principle defend free competition are liable to say in another connection that because of international competition little Finland cannot afford completely free competition.

There is less jealousy than before in these viewpoints. The internationalization of business life has eliminated trade barriers. The markets can no longer be limited to Finland, and there are numerous examples of how even a small, specialized firm survives on foreign markets.

The principle of free competition now has strong support in Finland. The government has perceived that competition restraints and lack of competition stimulate inflation. The value of money has dwindled at a faster rate than in most European countries. Activity at the highest level of executive power is aimed at bringing the laws on competition up to date. Some business firms have recently urged Foreign Trade Minister Jermu Laine, among others, to speak out on the need for monopoly legislation.

Nowadays a price-watch and competition committee is being appointed, the purpose of which is to eliminate abuses of Finnish competition. In accordance with normal practice, the committee will be in session for a year, especially since a difficult issue is at stake. According to the worst cynics, the report may not be prepared until the free-competition vogue has irretrievably slipped away.

Attempts are made to safeguard Finnish competition in the office of the backyard on Vironkatu. On the same stairway are the Theosophical Society and the Laestadian University-Student Home, neighbors of the official who oversees competition.

Horizontal (operating at the same level) price and quota cartels are fast becoming more and more common, according to Olavi Vayrynen, the official who oversees competition. They would be prohibited by the updated legislation.

Superb Sponsors of Competition

Keeping an eye on freedom of competition in Finland is the responsibility of the Trade and Industry Administration, the Competition Council, and the official who oversees competition. Restraints on competition are compiled by the Trade and Industry Administration's competition office, whose walls bend from the bulging dossiers of business firms.

After the competition restraints have been confirmed, they mostly gather dust in the competition office. The task of the office is only to register the restrictions.

The next stage is the official who oversees competition. Together with two or three assistants, he tries to keep up to date on the timeliest issues. The official who oversees competition presents the cases he prepares to the Competition Council, which attempts by negotiation to resolve the perceived abuse.

The system cannot be accused of overefficiency. In 12 years, the Competition Council has resolved 13-14 cases, or about one a year.

If the organization to promote competition is thought to be up to its tasks, one would be forced to assume that Finland is a land of ideal competition.

It is not that way, however. Competition Bureau chief Mauri Lehtisalo is worried about the multitude of dossiers in his office. Precedents for taking a stand on competition restraints are sorely needed.

Matti Purasjoki, head of the Trade and Industry Administration, has said: "In the legislation governing competition, the Trade and Industry Administration has been assigned the role of literate policeman. We have to disentangle the competition restraints which operate in the economy, analyze them, and report our findings to both the public and the official who oversees competition. Our field of responsibility is clear."

Is it therefore the fault of the Trade and Industry Administration that in the year 1985, for example, the bureau of the official who oversees competition presented the Competition Council with just two cases of competition restraints?

Or does the fault lay with the official who oversees competition?

The Competition Bureau, namely, deals only with those cases which are presented by the official who oversees competition.

Watchmen Change

The Competition Council has operated with new manpower since October. After Voitto Saario, retired chief justice of the Court of Appeals in Helsinki, the council will be led during the next 3-year term by administrative adviser Pekka Hallberg of the Supreme Administrative Court. The deputy chairman is government adviser Tauno Heikonen from the Ministry of Trade and Industry.

Jussi Linnamo, head of the Bank Inspection Office, has belonged to the council's permanent staff from the very outset. It is true that bank issues do not come under the law to promote competition, but Linnamo has become involved as an academician.

Having representatives on the council are the Consumer Advice League, the Central Federation of Finnish Trade Unions, the Consumers (a registered association), the Central Alliance of Industry, the League of Finnish Wholesalers, and the Central Federation of Retailers. Admitted as alternate members are the Swedish School of Economics and Business Administration, the Central Committee of Commerce, and the Central Federation of Agricultural Producers.

According to chief inspector Kristian Tammivuori, former secretary of the council, the Competition Council has dealt with all matters which have been brought up by the official who oversees competition. What can perhaps be criticized, according to Tammivuori, is that the Competition Bureau's register is not systematically perused.

The hundreds of old competition restraints on the register may be an overwhelming task. On the other hand, there has been some discussion that the new cases of competition restraint should be perused once a month by the Trade and Industry Administration, for example, in order to find out whether there is reason to give them further consideration.

In Sweden, for instance, the new competition restraints are perused once every 2 weeks, according to Tammivuori.

Law Offers Additional Possibilities

Finnish law does not prohibit monopolies. The only clear-cut prohibitions in the legislation to promote competition concern output cartels and vertical cartels in which, for example, the wholesaler imposes a lower sales price on the retailer.

A controlling position on the market is considered a competition restraint if one can assume that it has a significant effect on competitive conditions.

A competition restraint is, for its part, harmful if it affects price formation "in an unsuitable way" or reduces efficiency in commercial and industrial life or prevents or hampers some other activity.

In general, the Competition Council will have to operate with these provisions. Since the change in the law went into effect at the beginning of March, a private firm must also report its competition restraints to the Trade and Industry Administration. The change has more than doubled the number of reported competition restraints.

The Competition Council can make use of penalties if there is no compliance with the duty to report. The penalty can also oblige the entrepreneur to appear before the council.

The entrepreneur can be prohibited--under threat of penalty--from entering into an agreement injurious to competition and can be bound to equitable terms in shipments of merchandise.

Overseers of Competition in Each Other's Hair

When fingers are pointed at the bureau of the official who oversees competition and it is accused of inefficiency, Olavi Vayrynen fires back point-blank at the Competition Council. According to him, the Competition Council is unable to make good decisions in the spirit of competition: "It is a very motley crowd over there." Maybe the representatives of trade and industry do not always want to remove the restraints on competition.

According to the official who oversees competition, the Competition Council's annual rate of two or three cases does not tell the whole truth. Vayrynen says he has taken care of roughly 300 cases through negotiations. A sanction with real teeth in it has been the threat to make public any harmful restraint on competition.

According to Vayrynen, business firms dread the idea that an issue may end up before the Competition Council where its treatment lasts a year on the average and is accompanied by a long period of painful publicity. Vayrynen does not even give the Competition Council credit for its single accomplishment this year, the breakup of the Styrox cartel. According to him, the official who oversees competition had practically solved the matter when it went to the Competition Council, and the marketing company was soon dissolved.

Paradox of Trade and Industry Administration

The big paradox of the Trade and Industry Administration is that it is involved in the organization to promote competition at the same time as it itself greatly restricts competition by price regulation and surveillance.

Quotas and approval arrangements have developed around state-supported foodstuff production. For example, the quotas for production of subsidy-dependent starch are fixed among existing factories, and new entrepreneurs have had no access to the booty. The quotas for meat exports to the East are determined in the Ministry of Agriculture.

In communications, there is a system of tariffs and traffic licenses. The energy industry does well under the protective wings of the Trade and Industry Administration.

The stronger-than-ever monopoly in the meat domain is being discussed right now in the Foodstuff Administration. Will anything happen besides a statement that the Central Organization of Meat Producers still has a controlling position in the meat industry and the return of its dossier to the shelves to gather dust?

In conformity with the new law, the sugar domain's already several-year-old cartel agreement has finally come under the magnifying glass of the Foodstuff Administration.

Kemira Has Monopoly Sustained by Trade

"Kesko purchases fertilizers exclusively through Rikkihappo (Kemira) and pledges to do its best to get its customers, for their part, to act so as to achieve the goal of this agreement." An agreement with similar content is still in existence for four other central stores. Not even imports get a chance to threaten the fertilizer monopoly of the state company. According to the official who oversees competition, it is difficult to prohibit the agreement, because the latter is not forbidden by law.

The Trade and Industry Administration may still be wondering why the market shares of cement remain the same year after year between the two firms which control the market and why prices are the same.

Television stores in the Helsinki district grant discounts only within the bounds of a joint price schedule of the merchant group. As a threat, there is still the blank note, on which the written sum must be paid by the violator of the agreement.

* * *

Monopolies and Those in Controlling Positions

In keeping with the law for promoting competition, the entrepreneur must report--at the suggestion of the Trade and Industry Administration--his exclusive right or his controlling position in the manufacture of some product, if competition is lacking in the field or is greatly restricted. Because the market shares given by the Trade and Industry Administration are obsolete in part and because even the ownership and names of business firms have changed, the information has been corrected at certain points.

According to the interpretation of the Trade and Industry Administration, Finnish monopolies and firms in an otherwise controlling position are:

Aga. Controlling position in the sale of acetylene, oxygen, nitrogen, and certain other gases as well as gas distribution systems for hospitals. Market share over 50 percent.

Airam. Subsidiary of Nokia. Controlling position in the sale of incandescent lamps. Market share 40 percent. Position has weakened due to foreign competition.

Elopak. Controlling position in the sale of liquid dairy products in packages. Market share about 70 percent.

Espe. Controlling position in the sale of polyurethane foam plastic. Market share over 60 percent.

Exel. Controlling position in ski poles. Market share 99 percent.

Finn-Match. Controlling position in the sale of matches. Market share over 65 percent.

Finnair. Controlling position in domestic air service. Market share 99 percent. In charter flights serving Finns, a market share of over 70 percent.

Finnish Chemicals. Subsidiary of Nokia. Market share in chlorine roughly 60 percent and in chlorate over 70 percent.

Imatran Voima. Among other things, controlling position in transmission of electricity. Company possesses nearly 70 percent of country's network for transmitting electricity.

Kemira. Controlling position in the sale of fertilizers. Market share 100 percent.

Kiitoketju. Controlling position in the sale of zippers. Market share roughly 50 percent.

Kone. Controlling share of market for elevators in Finland. Market share over 60 percent.

Liesimyynti. Half-owned by Electrolux and Kymi-Stromberg. Controlling position in manufacture of electric ranges. Market share approximately 50 percent.

Lohja. Controlling position in production of travel trailers and insulating material made from clay. Market shares 90 and 45 percent.

Mobira. Subsidiary of Nokia. Controlling position in car-telephone market. Market share nearly 60 percent.

Nokia. Controlling position in production of rubber footwear and certain tires. Market share 52-73 percent.

Neoncomp. Controlling position in the sale of neon transformers. Market share 65-80 percent.

Neste. Controlling position in the sale of nearly all oil products, liquid gas, and bituminous products. Market shares 70-100 percent.

Oras. Nearly 100 percent share of market for water faucets.

Ovako. Controlling position in market for concrete steel bars. Market share approximately 80 percent.

Paperinkerays Oy. Takes care of more than 80 percent of collected papers.

Partek. Controlling position in the sale of cement. Market share about 65 percent.

Rank Xerox. Controlling position in photocopying machines. Market share over 50 percent.

Rautakirja. Controlling position in sale and distribution of single copies of newspapers and magazines. Market share over 95 percent.

Ostrobotnia Turkis. Controlling position as supplier of raw materials of organogenic fodders for fur-bearing animals. Market share fluctuates between 70 and 90 percent for different products.

Schauman. Controlling position in market for wood chips. Market share roughly half.

Sohlberg. Controlling position in sale of metallic packaging. Market share nearly 70 percent.

Suomen Sokeri. Controlling position in production of sugar. Market share over 80 percent.

Suunto. Controlling position in production of compasses. Market share 85 percent.

Temet. Controlling position in sale of special equipment for bomb shelters. Market share 60-70 percent.

Teraskoysi. Controlling position in market for steel cables. Market share 55-65 percent.

Tunturipyora. Controlling position in sale of mopeds. Market share roughly half.

Central Organization of Meat Producers. Controlling position in the area of meat. Market share over 85 percent.

Uponor. Held jointly by Asko and Nokia. Controlling position in drainpipes. Market share in all plastic drainpipes 60 percent.

Vaasanmylly. Subsidiary of Suomen Sokeri. Controlling position in crisp hard rye bread. Market share 75 percent.

Valio. Controlling position in most milk processing products. Market shares 86-95 percent.

Vapo. Controlling position in turf products. Market share over 80 percent.

Weilin + Goos. Subsidiary of Ameri. Exclusive right in almanacs and calendars.

Vikinglinja. Controlling position in Ahvenanmaa's passenger boat traffic. Market share about 60 percent.

Wartsila. Controlling position in production of sanitation porcelain (market share 86 percent) and locks for buildings (market share 90 percent).

According to the Trade and Industry Administration, the list is incomplete.

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Compared With Other Industrial Countries, Finland Is a Developing Nation

In the struggle against monopolies, trusts, and cartels, Finland is a uniquely languid country compared with other nations. In comparison, for example, with the competition restraints of other member countries of the Organization for Economic Cooperation and Development, Finland is at the level of a developing nation.

Or even lower than that: experts say Finland could learn a lot from the UN competition-restraint code which was prepared as a model for developing nations.

Laws alone do not guarantee freedom of competition. If permission to deviate from the law is easy to get, then the letter of the law is a dead letter. There are countries in which the laws are much alike, but the application of them differs sharply, so that the preservation of freedom of competition varies.

Vigil Kept on Mergers in Sweden

Swedish legislation is very broad, pretty much the same as it is here, because a strict law simply is not needed in that country. It is not needed because the ombudsman, the Swedish official who oversees competition, is held in esteem. Even in other respects it is harder to restrict competition in Sweden's social climate than it is here.

On one point, the juridical rules of the game are substantially tougher than in Finland. A business undertaking is forbidden if it produces "harmful effects," in other words, if it results in a monopoly, for example.

A systematic watch is kept on business deals. Many deliveries of Finnish firms have also passed through inspection by the Swedes.

Competition policy in England is directed by the official who oversees competition and by his bureau. They observe the birth of monopolies and report the situation to the government. The official who oversees competition also records other restraints on competition.

Intercompany restraints on competition are studied by a special tribunal. Here the burden of proof is reversed: the companies which restrict competition must show that more benefit than harm to society will ensue from their agreement. Only seldom do companies in a cartel manage to prove such a difficult matter.

The law in West Germany rests primarily on the principle of prohibition: cartels are permitted only as exceptions provided by statutes.

Dividing up markets and horizontal price agreements are prohibited. Price-fixing is not permitted.

The Rome Agreement, the covenant of the European Community, prohibits cartels and monopolies in principle. In practice, however, due to the covenant's exceptions and lower-level provisions, control becomes much more lenient.

United States Is Pioneer in Field

U.S. antitrust laws and their enforcement are unique in scope and severity. In no other country are there equally rigorous laws against monopolies and restraints on competition.

The Rockefellers' oil empire was broken up more than 70 years ago because it was a monopoly. But the antimonopoly front still lives: AT & T, the telecommunications monopoly, was just recently smashed into a thousand pieces.

The most important law is the Sherman Act (1890), which contains two primary prohibitions: (1) Any agreement or conspiracy to restrict business activity and trade in the form of a trust or otherwise is illegal.

(2) Anyone who monopolizes, or attempts to monopolize, business activity alone or with others is guilty of a crime.

In the United States, too, the main regulations are softened by statutes which grant exceptions. The general idea in them is that the procedure in question is illegal if it "substantially reduces competition or promotes monopolization."

Violation of the Sherman Act is punishable by fine or imprisonment. The U.S. Justice Department enforces the law.

Exceptions to the rigorous main regulation are, among others, the public utilities--electricity, for instance--and agricultural products.

* * *

Primer for Restricting Competition

"Competition restraint" means anything which hinders competition or reduces its effectiveness.

"Monopoly" means a situation in which there is a single seller.

"Oligopoly" means there are only a few sellers.

"Controlling position" is a term in Finnish law. It also means--in addition to an actual monopoly--a case in which one business firm is responsible for a substantial portion of the activity in some field. In Finland, consequently, an oligopolistic company can also be in a controlling position.

"Cartel" means an agreement by which business firms in the same field restrict competition. A cartel can also be an alliance in which product prices or sales quotas are fixed, market blocks are parceled out, etc. Cartels can be vertical or horizontal.

"Vertical restrictions" mean cooperation among various levels of distribution--for example, producers, wholesalers, retailers--or pressure from one level against another level. The restriction may be price-fixing: the supplier may prohibit the retailer from reducing the standard price--a restriction which is forbidden by Finnish law.

"Horizontal restrictions" mean cooperation or pressure among competitors which operate at the same level of distribution, for example, an output cartel (forbidden in Finland), a price cartel, a sharing of customers, a dividing up of territory.

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CSO: 3617/38

ECONOMIC GREECE

PROBABLE FAILURE OF ECONOMIC MEASURES FORESEEN

Athens MESIMVRINI in Greek 31 Oct 85 p 13

/Article by K. Kilmer: "Why the Economic Measures Will Fail"7

/Excerpts7 Papandreou's Socialist government, having unjustifiably wasted more than 4 months--rather 4 years, to be exact--in order to take the necessary steps to keep the economy away from the precipice of foreign exchange shortage, is now putting the blame on the Greek people. Both the premier and /National Economy Minister7 K. Simitis justified the economic measures as the only ones feasible and available--and therefore unavoidable. The premier spoke yesterday as though he had just assumed office!

The first question with regard to these measures is this: Why did the Greek economy reach this schizophrenic stage and who is responsible for the worsening of its sickness? Second, is there--not a milder therapy like the one suggested by some harebrained members of the opposition--but a more effective and in any event not counter-developmental therapy--to save the patient?

The Errors of PASOK

In 1981 the people had subconsciously grasped the dead end of the old party habits, the dead end these habits had in fact caused. The people sought "change". Thus, PASOK came to power 4 years ago, together with those "hungry" for power. Instead of telling the people the day after October 18, 1981:

"Gentlemen, we were mistaken. The Right left the treasury empty. Let us first get to work and then we can start 'the socialist way.'" But they became intoxicated with power. (They introduced the Automatic Inflation Adjustment (ATA), the anti-labor law of Kaklamanis, the frameless law for the universities, the National Health System (ESY), the Old Age Centers (KAPI), social tourism, the political festivals, etc., etc.)

They financed all these with foreign loans which they more than doubled from 7 billion in 1981 to 16 billion dollars this year, in the same way the old party did between 1974 and 1981 (from 3.5 billion to 7 billion dollars borrowed under the Right). They nationalized another 10 percent of the GNP with the result that today 75 percent of the GNP is controlled by the state...

And thus we come to the present dead end with a public deficit equal to over 18 percent of the GNP, domestic inflation of over 30 percent, and a deficit in the balance of payments of over 3 billion dollars annually.

The Errors of the New Democracy

The New Democracy, which was established after the self-dissolution of the junta, returns to the National Radical Union /ERE/ period when it wants to abandon its pre-1974 past and says:

"The per capita income from 305 dollars in 1955, reached 4,298 dollars by 1980." In this way, it puts in the same basket the 8 years under ERE with the 7 years under the junta and leaves out the year 1981, the year of "scorched earth" when the per capita income fell to 4,000 dollars. As though ND was not in office during 1981!

It has amnesia and talks about the "reduction of inflation" when after 1979 inflation galloped from 19 to 25 percent in 1981, in spite of the cover up tried by extensive freezing of prices, rent control, and the huge deficits of the public sector (17 percent of the 1981 GNP).

It is proud because "it did not submit the Greek people to the sacrifices required by the second oil crisis," while it should be ashamed because it surrendered to the demonstrators instead of leading the people, and instead of informing the people it left them prey to the demagogue A. Papandreou.

It now asks that the "conquests of the Greek people" be kept, the ATA, the 6-hour day, the 5-day week, the 14 monthly wages, the loafing, the abuses, the excesses, etc., while it is obvious this is exactly what we mean when we say that Greece lives beyond its means; that is, no one works in Greece anymore, while in Japan (the managers) work 15 hours a day and 6 days a week, and in our neighboring Cyprus the banks are open on Saturday mornings.

What should ND do? First of all, it should keep silent and examine its own mistakes, and forget the duty-free private cars it was promising before the election. And to tell itself: "Thank God we did not win the election last June, because otherwise we would have been the one to get the chestnuts out of the fire--and without heat-resistant gloves." Instead of hitting PASOK from the Left, asking for strikes, work stoppages and protests, it should prepare the public for a truly effective program to free the economy with a drastic reduction of state intervention--and waste--and with support of the private effort.

Before we go on with a review of the measures ND in 1980 or PASOK in 1981--and even more so in 1985--should have taken, we shall explain briefly why the Khalikias measures will not succeed--will not bring recovery, not even hold down the deficit of the balance of payments.

Why They Will Fail

Today no one in our country believes our economy is doing well. On the contrary, all now agree--and this is to the credit of Papandreou who explained this to the politicians--that not only is something wrong with the economy but it is going to pot. The question now is not a diagnosis of the sickness--to this the PASOK orators have made a contribution--but to find the therapy.

Evidently the therapy proposed by Khalikias is not the proper one. It reminds one of the doctor who said "the operation was a success but the patient died." It is not proper for the following reasons:

With the Khalikias measures--if they are eventually implemented, and if they are not worn down by the labor bosses--the most one can expect is a reduction in the deficit of current accounts from 3 billion to 1.4 billion dollars in 1986. But such a lower deficit, even if it is achieved by 1986, will not solve the problem, because in addition to that Greece must pay 1 billion dollars for the servicing of loans (the interest of 1.2 billion dollars is wrongly included in the present deficit)...Thus, the size of the deficit remains "unavoidable".

With a 2.4 billion dollar deficit in foreign transactions and an autonomous inflow of capital, which will not exceed 800 million dollars (862 million dollars in 1984), the uncovered deficit will reach 1.6 billion dollars in the best of circumstances. We believe the country will be unable to borrow 1.6 billion dollars next year--because it borrowed 2.8 billion dollars this year instead of the 2.1 billion forecast originally.

Moreover, because the Khalikias measures will drastically cut down income, they will reduce savings. Thus, the huge deficit of the public sector (700 billion drachmas in 1986, 14 percent of the GNP according to A. Papandreou), will be financed with inflationary money. And inflation--over 30 percent--will lead to the vicious circle of successive drachma devaluations. This will seriously shake confidence in the national currency as in Israel. Very soon a new drachma will be needed!

Therefore, the Khalikias measures will simply prolong the death spasms of the Greek economy because they do not favor the increase of foreign exchange inflow and the taming of inflation. Their only objective is to cut down payments on imports. And they do so foolishly and with demogoguery.

For example, they burden the enterprises with a special tax payment of 10 percent which raises their taxes to the 63-69 percent bracket causing, together with the prepayment on imports, a serious problem of liquidity. And all this for what? So the Finance Ministry will take in some 10 billion drachmas since the total profit realized by the Greek industries reached only 27 billion drachmas in 1984. But in this way the enterprises cannot embark on a drive to raise production which can only bring about lower costs, exports, and import susbstitution.

The Only Solution

In May 1980, together with two other economists, N. Tsoris and K. Khristidis, we supported that the only solution for the economic problem at that time--and even more so today--is to implement supply economics as an alternative to the flawed economic policy of the last 20 years. Today we have one more problem--the "problematic" enterprises and the huge foreign debt.

However, supply economics with reforms freeing the market place can promote development and provide the only hope that the Greek economy will escape from the trap of debt moratorium and stagnation. But it will be necessary to sacrifice "secured rights" and to dismantle the state-merchant, etc. The major risk, of course, is that a true change will not take place this time, and this is the last chance.

We must confess that we are not optimistic. Not because Papandreou does not want change but because he is unable to do it. He, too, is a product of a sinful past.

Ed. Note: The views expressed in this column are those of the author and do not bind MESIMVRINI nor do they inevitably interpret its political line.

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CSO: 3521/36

CER ISSUES REPORT ON ECONOMIC SITUATION

Rome L'ESPRESSO in Italian 17 Nov 85 pp 260-265

/Article by Salvatore Gatti: "Report on the Crisis: 'Forward Slowly: Almost Backward'"--boxed material as indicated; first paragraph is L'ESPRESSO introduction/

/Text/ The Italian economy is not succeeding in its efforts to surmount its difficulties. Inflation is lessening somewhat but remains high; unemployment is not declining; governmental action is of modest proportions. According to the CER--Giorgio Ruffolo's Center for Economic Research--the biggest part remains to be done.

Where is the Italian economy headed? How is 1985 ending, and what does 1986 hold in store for us? What has the government done to deal with the situation? The response of the CER--the Center for Economic Research of Giorgio Ruffolo, Luigi Spaventa and Antonio Pedone--is disheartening: in the present moment, it says, the economy is "free from serious vices but is also devoid of special virtues." The budget for 1986--which according to the promises of the government was to yield impressive results--will not, however, prove to be of great consequence. We are therefore bogged down halfway across the stream, unable to move either forward or backward. In so doing, however--as the Bank of Italy also argues--we are actually wasting precious time.

The Economy Is Slowing Down

Growth in the industrialized countries is below expectations and will come to only 2.8 percent in 1985 (compared to 4.9 percent last year); the same growth rate is forecast for 1986 but is uncertain and exposed to the risks of a new crisis. Italy's hopes, too, are weakening at the same pace: the growth of our country's export markets will be 4.5 percent in 1986, whereas last year it was all of 7 percent.

And as the world economy slows down, the growth of the Italian economy is of course weakening steadily: the gross domestic product has in fact grown by only 2.3 percent in 1985 and will grow by only 2.2 percent in 1986. Industrial production is maintaining the same pace.

In a situation as stagnant as this, it is becoming increasingly difficult to solve Italy's chronic problems. As the Bank of Italy contends, 1985 has been a wasted year and it is now more difficult to change course. But how far--according to the CER Forecast--have the ills of our economy progressed, and what will happen in 1986?

Inflation Remains High

The year 1985 will close with a 9.1 percent increase in consumer prices, whereas the government was aiming at a more modest 7 percent; similarly, the CER says that in 1986 inflation will be 6.7 percent, whereas the government would have preferred a more reassuring 5 percent. Inflation will accordingly be reduced significantly in 1986, but the failure of the 1985 campaign against price increases will cause the official targets to be missed for the second year in a row.

The expectation that the consumer price increase will be approximately two and one-half percentage points less in 1986 (dropping to 6.7 percent from 9.1 percent) is therefore not at all assured, as the CER Forecast prudently explains. Such a substantial reduction in the rate of inflation is in fact dependent on the validity of two other forecasts. The first of those--which will probably be borne out--is that the decline in the value of the dollar will not be arrested, and that the prices of imports will therefore increase by only 3 percent in the coming year; the second forecast is that the negotiations between CONFINDUSTRIA and the unions will ultimately yield a positive result, although this is less certain. Moreover--in a small twist of fate--the budget will in its turn increase prices by approximately half a percentage point. On the whole, therefore, the CER does not bring us reassuring news from the inflation front.

One Cannot Find Work

Unemployment, regrettably, continues to increase. In 1984 the unemployed represented 9.5 percent of the labor force; for 1985 the figure is proving to be around 10 percent; and in 1986 it will reach 10.3 percent. The CER foresees that only in the following year--1987--can the rate begin to decline and revert to around 10 percent.

But if the population of 2.3 million unemployed is remaining virtually static and pent up within itself, what on the other hand is happening in the world of the employed? We gather from the report by Ruffolo, Spaventa and Pedone and their team of economists that there have been some surprising developments. First, the displacement of workers from Italian industry is rapidly coming to an end--a process that had brought about hundreds of thousands of dismissals in recent years during the Great Italian Industrial Restructuration with which our enterprises responded to the second oil shock, the one in 1979. In fact, whereas industrial employment had declined by 3.7 percent in 1984 the decline this year was only half that figure; next year it will be 1.3 percent and in 1987 could actually cease. Second, the displacement of workers from agriculture is trending from a decline of 3.7 percent in 1984--the same as that for industry--to a loss of fewer than half that many jobs in 1986. A third (and less pleasing) development is the fact that the private tertiary sector--which during these past several years had created many new jobs--is still supplying them but at a reduced rate; indeed, the rate of increase is declining from 4.9 percent in 1984 to a more modest 2.2 percent in 1986.

The CER comforts us, however, with the statement that since the civil service will continue to hire at a rate of 1 percent (in the face of all the bans against hiring), total employment in Italy has continued to increase by 0.4 percent in 1985 and will continue to do so in 1985.

Industry Between Lights and Shadows

In an overall picture that is uninspiring, it is the Italian industrial world that has taken--and will continue to take--the greatest steps forward. Motivated by the need to restructure themselves and to introduce substantial technological innovations into their own companies, the Italian entrepreneurs have in the past several years invested heavily in plants and machinery. Gross investment, in fact, came to slightly more than 4 percent in 1984 and 1985 and will be at least 2.9 percent in 1986. It represents a great effort, and in all 3 of these years it actually exceeds the increase in the gross domestic product--in other words, it exceeds the overall increase in the economy.

Strong assistance for the renovation of the enterprises was also provided by the new trade-union climate. The fact that this climate made possible a considerable displacement of manual labor and the introduction of new machinery has resulted in an increase in industrial productivity, but this process is tending repidly to abate precisely because the enterprises are no longer reducing the number of their employees very greatly. Last year's good increase in productivity--6.8 percent--will be halved in 1986. The labor cost per unit produced (CLUP), however, is increasing more slowly than inflation. All things considered, Italian industry as a whole is therefore a "happy island."

The Perennial Restraint

For many years, whenever the Italian economy has begun once again to weaken, imports eventually increase more than exports and the balance of payments accordingly moves rapidly into the red--from the 5.8 trillion lire of last year to the 10.3 trillion forecast by the CER for the close of this year, and to the 9.9 trillion forecast for 1986. At this point, in order to prevent the international deficit from becoming explosive, the Bank of Italy and the government regularly have to halt its growth, with very negative consequences for industry and for employment. This is the "external restraint on the possibilities for growth"--the most disturbing aspect of the CER Forecast (see also the interview with Luigi Spaventa on Page 263).

The Government Has Abdicated Its Responsibility

But what has the Craxi administration done in the area of its direct action, revenues, expenditures, and the governmental deficit? In 1985, too, it has burst through the deficit ceiling established at 96.3 trillion lire; the final figure, according to the CER, will in practice be 103.3 trillion, and the breakthrough is due almost entirely to the "boom" in the outlay for pensions.

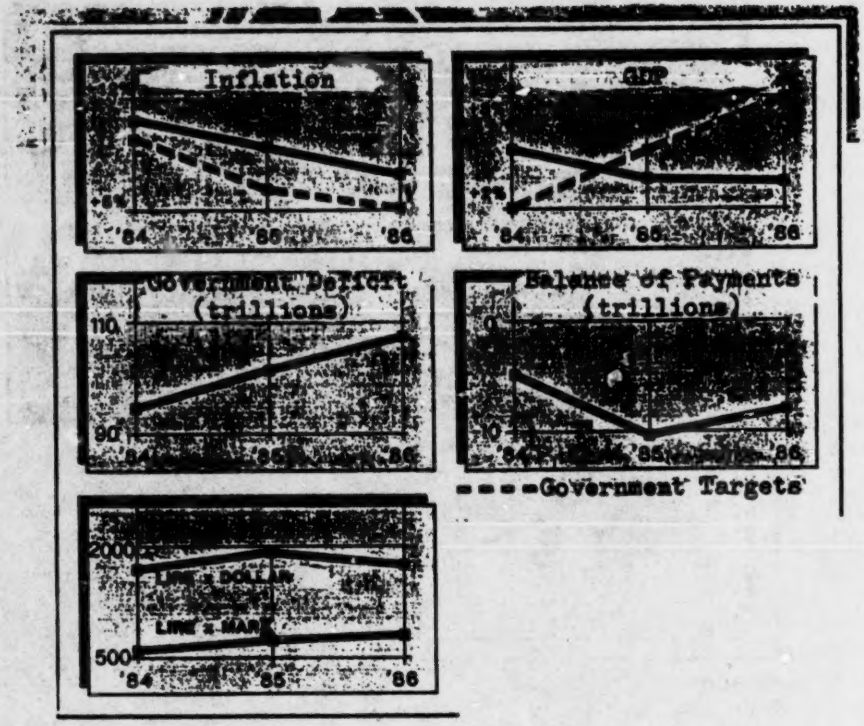

Figure 1. Inflation Through the Roof

According to the CER, inflation and the growth of the gross domestic product in 1986 will be less responsive than programmed by the government (5.0 and 2.5-3.0 percent, respectively). The situation with respect to the government deficit and balance of payments will remain serious. The weakening of the dollar and the appreciation of the mark are expected to continue in the future.

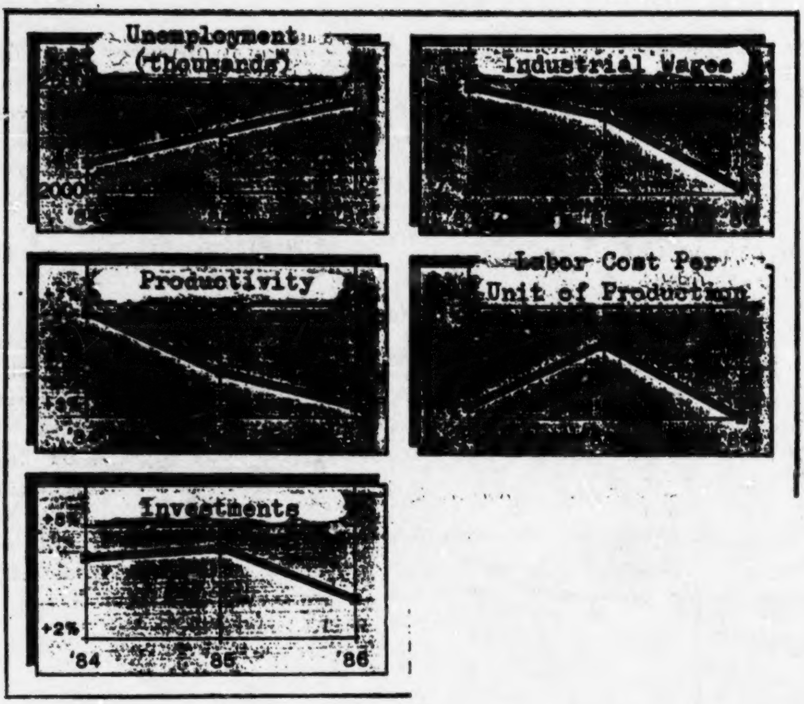

Figure 2. Industry Under the X-Rays

The growth of unemployment is destined to continue next year as well, together with restrained increases both in industrial wages and in productivity. Labor cost will also increase moderately. The forecast of a cooling-off of investment in the enterprises is a matter for concern.

And what about the 1986 budget currently being debated, which the government has presented as an important economic policy action? In reality it is a budget that is insufficiently incisive and whose consequences, according to the CER, "do not appear to be of great importance"--a budget that allows for minor improvements which are, however, concentrated in the year 1986 and are therefore of an occasional character. Moreover, it is an unjust budget that impacts employed labor more than independent labor. Finally, it is a budget that increases inflation and retards investment. In short, it in no sense inspires enthusiasm.

It is therefore clear--the CER says--where the economy is going and what awaits us: a country that is precisely without vices and without virtues. This impels Ruffolo, Spaventa, and the other CER economists to a bitter conclusion. "We have," they say, "long been accustomed to hearing that each new year will be the crucial year for 'restoring the health of the economy.' We long ago established that the clamor of the proclamations bears no relationship to the results. It would certainly be foolish to deny that in the past 5 years much has changed--and for the better--in our situation. It would, however, be irresponsible not to acknowledge that the greater part of the task remains to be done."

/Box, p 263/

Interview With Luigi Spaventa: How To Deal With the Problems /first paragraph is L'ESPRESSO introduction/

/Text/ The CER Report paints a very disturbing picture of the Italian economy. How can the principal difficulties be dealt with? We asked Luigi Spaventa, who together with Giorgio Ruffolo and Antonio Pedone are the three economists who direct the CER.

/Question/ Professor Spaventa, how will it be possible to deal more effectively with the problem of government expenditures?

/Answer/ By acting on the mechanisms that inflate expenses--something that the budget under discussion does not do, because it limits itself to dealing with the problem in the simplest possible manner, namely by increasing charges without containing costs. For example, the number of pensions awarded should be reduced, perhaps by eliminating the excess that is accumulated by combining reversionary pensions with the earnings of the surviving spouse.

/Question/ The other continuing difficulty--besides the government deficit--of the economy is the balance of payments deficit, which obliges the monetary authorities periodically to apply the brakes to the recovery in order to prevent the balance from going too much into the red....

/Answer/ The disturbing aspect of this situation is the persistence of the balance of payments deficit in the midst of conditions that are favorable either because the gross domestic product is not growing too fast or because import prices are not increasing much. We should deal with this problem not only by concentrating strongly on the export of manufactured goods that yield us a surplus but by finally implementing specific economic policies to remove the two large stones that are crushing us: the energy deficit and the food deficit. The serious risk lies in the fact that--afflicted by the foreign constraints--one must depress demand and therefore reduce the capacity for economic development: a circumstance that produces a larger deficit and increasingly stringent foreign constraints.

/Question/ A third Italian drama is unemployment, which continues to be very high. Are there no concrete possibilities for direct intervention on this front?

/Answer/ It is possible, for example, to introduce a little "deregulation," or a little part-time employment. What concerns me most, however, is the fact that in the coming years the population of the North and the Center of Italy will decrease (by 1.7 percent between 1981 and 1991 and by 3.4 percent between 1991 and 2001) while that of the South will increase (by 4.4 percent in the first period and by 1.1 percent in the second). This will lead to very serious employment problems and possibly to new internal migrations.

/Question/ But in this gloomy picture is there not, however, a positive note: the sustained development of industry?

/Answer/ Italian industry has undeniably made enormous strides forward in recent years and has attained European levels.

/Box, p 265/

The World Is Slowing Down More and More

Moving forward slowly, almost standing still: the scenario for the world economy in 1986 can be summed up thus, according to the forecasts of the Institute for Social Research /IRS/ of Milan, published in the most recent IRS report for the LETTERA FINANZIARIA. The IRS explains that the United States appears to be closer to a recession than to a "recovery of recoveries." The truth is that the American economy can no longer rely on fiscal stimulation--the federal deficit has attained levels that necessitate a contraction--and it does not appear that the greater permissiveness of the monetary policy pursued in Washington can suffice to regenerate a sluggish demand.

Of the other industrialized countries, only Japan--with a growth rate of more than 4 percent in 1986--will play to some extent the role of the locomotive. But Japan, as we know, is not a very hospitable market for our exports.

In Europe it would be Germany's role to take the growth of others in tow, but in Bonn--despite an inflation rate that is now below 2 percent--a financial orthodoxy prevails that will prevent the German economy from accelerating its expansion appreciably. All things considered, therefore, for the industrialized nations as a whole (the OECD) the growth rate will slow down from this year's 3 percent to 2.6 percent next year--with depressive effects on world trade, whose growth rate will decline from the 9 percent of 1984 to 4.5 percent in 1986. At this rate we shall end up lamenting the American "boom" of the past 2 years.

10992
CSO: 3528/28

BRIEFS

1985 FREEZE, DROUGHT WREAK DISASTER--Rome--1985 will be remembered by Italian farmers as the year of the freeze and the drought, and the statistical data that are gradually becoming available with regard to various aspects of the 1985 agricultural year attest to the difficulties faced by the agricultural sector. The second preliminary survey prepared by the Center for Research of CONFAGRICOLTURA /General Confederation of Italian Agriculture/ shows a drop in gross marketable production, a downturn in employment in the sector and an increase in the importation of agricultural products. Here, specifically, is how the agricultural year ending last 11 November fared: 1) Gross marketable production: An initial preliminary survey prepared in September indicated a decline of half a point. This forecast has proved to be too optimistic, and CONFAGRICOLTURA foresees that the downturn will be more substantial although not yet quantifiable with precision. 2) Prices at the source: The average for the period January-October rose by approximately 9 percent, with the result that agricultural prices at the source are aligned with the rate of inflation whereas in 1984 they were 4 points below. 3) Employment: The number of agricultural workers (employees and independents) has decreased by 5.8 percent, and the trend toward abandonment of agricultural employment by adult and aged workers is more pronounced than the ingress of young workers. With slightly fewer than 2.3 million employed persons, agriculture accounts for 11 percent of the national total of employed persons and 4 percent of the entire population. 4) Imports: Each resident will have imported, by year's end, food products valued at approximately 400,000 lire by comparison with 300,000 lire in 1984. Food imports will accordingly represent 3.4 percent of per capita income--and a reversal of the trend toward a decline in such imports that had been recorded since the second half of the 1970's. /Text/ /Rome LA REPUBBLICA in Italian 19 Nov 85 p 36/ 10992

CSO: 3528/28

LONG-TERM ECONOMIC GROWTH, UNEMPLOYMENT SCENARIOS

Rotterdam NRC HANDELSBLAD in Dutch 8 Nov 85 p 12

[Article by Kees Calje: "Planning Bureau Explores the Economic Future of The Netherlands Until the Year 2010: Vigorous Employment Growth Very Well Possible"]

[Text] Thirty years ago, the Central Planning Bureau for the first time explored the long-term economic future of The Netherlands. In 1955, the economy was, as economists call it, "in equilibrium," and growing fast. The Planning Bureau investigated how the government could pursue such a policy as to enable the long-term per capita income to be as high as possible.

Today, the second long-term exploration was published, and in that one, the Planning Bureau is proceeding quite differently. This time, the calculators in The Hague are not looking for an "optimal" policy, but they are limiting themselves to a search for the possibilities for the Dutch economy under, in general terms, unchanged policies; and this for the period 1985 to 2010. Also, it is investigated what bottlenecks can occur. In addition, a report on the consequences of further reducing working hours will follow later this year. A study about the consequences of changes in policy and behavior is planned for next year.

Three Scenarios

How does the Planning Bureau go about it this time? Based on a series of assumptions, it is first reasoned out how large the growth can be of the market that is relevant for Dutch exports. The result of this are three scenarios. In the "high" scenario, the market of the Dutch grows by six percent, in the "low" scenario by two percent per annum.

What are concerned here are average growth percentages for the period 1985 to 2010. Large growth fluctuations are assumed from year to year.

In "high," the growth will decrease from 5.5 to four percent between 1985 and 1987, after which an increase will follow up to nine percent around the year 1995. After that, growth will drop back again, to four percent right after the turn of the century. In the year 2010, the rate will be at seven percent again.

In "medium," the growth of the Dutch market will decrease from 5.5 percent in 1985, to 2.5 percent in 1987/1988. After that, an increase will follow to five percent in the second half of the 1990s. Growth will decline again, to three percent in the year 2005, after which another upswing will follow.

In "low," growth of the Dutch economy will collapse to zero percent in 1988/1999 [as printed]. Subsequently, the growth rate will increase very gradually: the four percent level will not be reached until the year 2010.

Fascinating Future

The cold figures of these three scenarios aim at being the reflection of a chapter of fascinating economic future.

"High," the "free market world trade scenario," to quote Director of the Planning Bureau P.B. DeRidder, is based on the assumption that the United States in the coming years will push back its government deficit. Economic growth will lage because of this, but not too much, because the Americans will pursue a liberal monetary policy and moreover, growth in Europe will pull ahead. That is because government policy on this continent will become less restrictive and all kinds of rigidities which obstruct the market mechanism will be removed. If the disequilibria in the world economy dispppear, an exuberant growth in production will become possible. As time goes by, this will lead to inflation: prices of oil, raw materials and labor will skyrocket. Then, after 1995, a world-wide recession will ensue, which however will be followed by a new recovery around the year 2005.

According to DeRidder, "low" is an "everyone for himself" scenario in a divided world. The Americans will not succeed in reducing their deficits, and in Europe growth will stagnate because of the inflexible government policy and the rigid markets. There will be no international policy coordination. Later on, the United States will indeed cut its coat according to its cloth, and growth will stagnate there, as well. The debt crisis will become more and more acute. Even so, deflation will be prevented. Eventually, people will learn from their mistakes, and things will start getting somewhat lively again, but that will not happen until after the year 2000.

What is concerned in "medium" is, according to DeRidder, "moderate Europessimism". The United States will put its affairs in order, but Europe will keep muddling along. The economies of North America and of East and South Asia will in the course of the 1990s cause a revival in world trade, from which Europe and the debtor countries will benefit, as well. After the turn of the century a new inflation wave coming from the United States will get going. A recession will follow, with again a recovery after the year 2005.

The Netherlands

For the Netherlands, in general terms an unchanged policy is assumed, with one single exception: if the government deficit decreases below six percent of national income, taxes on wages and on revenues will go down. The length of the working day will decrease according to a trend of one half of one percent per annum. Social security premiums will cover benefits; the announced systematic reform of social security has not been incorporated. The premiums for pension funds and life insurances will remain unchanged. The labor supply will grow in the second half of the 1980s by 75,000 man years per annum; around the year 2000, the work force will only grow by 20,000 per annum. The consequences of the senior citizen boom will not really become important until after the year 2010.

Labor Productivity

All this information is put in a long-term model. The most striking result is that in all three scenarios, labor productivity will grow less than was the case in the Fifties and Sixties, just like it did in the 70s. That reduced growth has on the one hand to do with the fact that the post-war recovery operation, when the United States was way ahead technologically, has now for the most part been completed. On the other hand, the Netherlands has high unemployment, compared to other countries; because of this, it appears from the model, wages will be restrained. Added to the higher cost of energy, this results in a smaller substitution of labor by capital than occurred in the past. In "low," labor productivity will increase the least, because there, growth in world trade is lowest, and the effect of international labor distribution is the smallest.

Exports will be stimulated by the relatively small increase in wage costs. Because exports mainly consist of industrial products, the process of de-industrialization will come to an end in all three scenarios. The share of industrial production in the total value of production, which decreased between 1960 and 1985 from almost 35 percent to below 20 percent, will stabilize at this level, or will even end up somewhat higher.

Employment

Thanks to the relatively low growth in labor productivity, creation of employment will take place to a proportion that is very extensive for Dutch conditions, especially in "high." In this scenario, in which economic growth for the rest of this century will amount to an average of four percent, employment by businesses will increase from 3.8 million man years in 1985 to over 5.2 million in the year 2000. But also in "medium" (average growth: three percent), employment will skyrocket and a level of 4.7 million will be reached in the year 2000. Only in "low" (growth: 1.5 percent) is there a case of stagnation.

Because the work force will grow fast as well, certainly during the first five years, unemployment in "low" will grow from 16 percent of the work force at this time to 25 percent right after the turn of the century. In "medium," a gradual decrease to 12 percent in the year 2000 and to seven percent in the year 2010 can be observed. In "high," finally, a rather spectacular decrease of unemployment will occur, to four percent in the year 2000 and to a trifling one percent in the year 2010. That is why in this scenario new stress will occur on the labor market which will cause a new wave of wage increases. After the year 2000, then, economic growth will become moderate in "high."

The economists of the Planning Bureau expressly point out that the high rate of unemployment that appears from "low" may possibly lead to reduced supply of labor, and to large-scale acceptance of part-time labor. The actual unemployment rate will then end up somewhat lower. On the other hand, labor productivity may perhaps turn out to be higher than assumed, now that extensive technological innovations in a number of economic sectors are at hand. If labor productivity will grow by only a quarter of a percent per annum more, after 25 years an unemployment rate will result which, expressed as a percentage of the work force, will end up to be six percent higher.

Tax pressure

Thanks to the high rate of economic growth, in "high," the pressure of taxation and social security premiums will drop from 51 to 44 percent between 1985 and the year 2000. If the government budget deficit drops below six percent, the wage and revenue taxes will be lowered during the 1990s. The decrease in social security premiums will remain limited, because various benefits rise along with prosperity.

In "low," however, where unemployment is high and where wages have a larger share in national income, the pressure of rates and taxes will increase to the unprecedented level of over 60 percent of national income in the year 2000. In "medium", the pressure will remain just about constant.

Since economic growth even in the pessimistic scenario still will amount to 1.5 percent (and to 2.5 percent after the year 2000), per capita consumption will even in "low" still be 50 percent higher in the year 2010 than it is now. In "high," the consumption per Dutchman in that year will even be three times as large as it is now. These results raise doubts for the economists of the Planning Bureau, as well. The report ends with questions. Will saturation effects occur as far as consumption is concerned? Will a new view on labor come about?

12568/9738
CSO: 3614/33

OIL ACQUISITIONS FROM USSR, THREE OTHER SOURCES

Helsinki HELSINGIN SANOMAT in Finnish 19 Nov 85 p 31

[Article: "Next Year We Will Get Already Agreed On Quantity of Soviet Oil"]

[Text] Ahti Pekkala is not worried about the economic situation. At least no more than befits his work image. "The economic situation has not essentially changed from what we earlier said it was."

Pekkala said that we will be getting the quantity of Soviet oil agreed on in the general agreement next year.

"I have on several occasions been assured by high Soviet officials that we will be getting the quantities of crude oil and refined oil products agreed on in the general agreement from the Soviet Union in 1986," Pekkala, who is also vice chairman of the Finnish-Soviet Economic Commission, said.

In the general agreement it is agreed that we will receive about 8.5 million tons of oil products a year.

This year the Soviet Union will be unable to deliver the quantity of oil agreed on in the general agreement to Finland. It is feared that this year is also an omen of the future.

A difficult economic phase will be coming up in 1987 when it is estimated that growth in exports to both the East Bloc and the West will come to a standstill.

According to Pekkala, our biggest worry in connection with next year's Soviet trade is not that we may not get any oil, but that the price of oil and the exchange rate of the dollar may simultaneously drop. At least that is what it looks like now.

"All efforts should now be directed toward increasing imports," Pekkala repeated. He admitted that supply and demand do not cooccur in the Soviet trade, but that that should not be allowed to discourage us.

"In trade difficulties it is not a question of changes of Soviet leaders, but of the fact that most imports are energy imports, and most of them in turn are oil imports," Pekkala said.

Problems Will Get Worse in 1987

In 1987 problems will pile up because orders for the next 5-year period in the trade will have already been used up this year and will continue to be exhausted next year, even though the 5-year period does not officially begin until the end of the year.

Some say that Finland should devalue now. Finland is inflated with speculative foreign currency which there is no reason to repay and that the forest industry must now be subsidized, they say.

"No, not like that," Pekkala said. "The devaluation-inflation spiral is a life that is behind us in our economic policy."

Pekkala protested in the name of combatting inflation. The Finance Ministry's goal for next year is to limit inflation to 3 percent.

If inflationary pressures and economic recovery come into conflict, Pekkala will have no trouble choosing his own course of action. At that time the alternatives could be raising interest rates, for example, or stimulating the economy.

"The question cannot be posed in that way," Pekkala said, but went on: "Lowering the inflation rate is a prerequisite for improvement of the employment situation. If inflation gets out of hand, we will no longer achieve anything with the recovery policy."

Pekkala was unwilling to comment on what harm the high rate of interest maintained by the Bank of Finland has caused. "The Bank of Finland handles its own affairs and the Finance Ministry its own."

Ahti Pekkala became minister of finance in 1979. Before that the country had already gotten out of its worst recession since World War II.

Now facing the first real recession of his ministerial term, Pekkala has conjured up the spirit of Korpilampi with which Kalevi Sorsa and Paul Paavela in their time inspired the country.

"We need all our good forces now," Pekkala said.

Neste Will Make Up for Deficiency of Soviet Oil from Three Sources

Neste [state oil company] will purchase crude oil from Saudi Arabia, Iran and the North Sea to compensate for shipments of Soviet oil smaller than agreed on for this year. At least in connection with the Saudi oil transactions, Neste will now in addition for the first time apply the new so-called netback pricing system based on the prices of the finished products obtained from crude oil.

These past few weeks Soviet oil shipments have noticeably increased. In October, for example, nearly a million tons were delivered. The improved rate is not, however, sufficient to make up for the hemming and hawing of the first half of the year and at Neste they estimate that the total for the entire year will be about 10 percent, or 8 million tons, less than the agreed on amount. In terms of money, or Finland's balance of trade with the East Bloc, the difference means a billion markkas.

Of the three sources that will make up for the deficiency in the amount of crude oil, the biggest is Saudi Arabia, from which we will buy over 600,000 tons. According to Neste general manager Jaakko Ihamuotila, the transactions have been concluded with short-term agreements and the oil purchased on their bases will not even necessarily be delivered to Finland. Part of it may either be sold to a third country as crude oil or even refined elsewhere.

Pricing Method New to Neste

The Saudis have recently concluded netback pricing agreements with many buyers. The West German VEB company and the Greek Hellas also bought crude oil through this pricing system at the same time as Neste did.

Netback means that the price of crude oil is determined by the price obtained on the so-called spot market for its refined product, from which, however, shipping and refining costs are deducted. In addition to the Saudis, most recently, on Monday, Nigeria switched to this pricing system.

According to Ihamuotila, netback pricing is very close to the spot pricing system that has up to now been quite common in the crude oil trade. At this point it is still impossible to say what the ultimate price of Saudi oil will be. "It depends entirely on what is done with the oil and who does it," Ihamuotila said.

OPEC Is Producing More Than Before

This being the case, it was also easy for Ihamuotila to dodge the question as to whether the oil purchased from the Saudis will be cheaper than Soviet oil. Ihamuotila did not want to say either through which system the rather small quantity of oil purchased from Iran will be priced.

According to the AP-DJ news agency, the total production of the member nations of the Organization of Petroleum Exporting Countries (OPEC) is now from 17.5 to 18 million barrels a day, the biggest since July 1984. The organization's official, still in effect ceiling for total production is 16 million barrels.

AP-DJ bases its knowledge on the highly regarded oil industry publication that goes by the name of Petroleum Intelligence Weekly (PIW). According to it, 9 of the 13 OPEC member nations are exceeding the production quotas specified for them, many of them by a great deal. The Saudis are still behind, but are coming up to their quota at a good clip.

OPEC's next ministerial conference will be held on 7 December.

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CSO: 3617/35

END

JPRS-WER-86-009

29 January 1986

West Europe Report

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POLITICAL FEDERAL REPUBLIC OF GERMANY

KOHL, STRAUSS INTENSIFY COOPERATION IN VIEW OF 1987 ELECTION

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 16 Nov 85 p 4

[Article by Claus Gennrich: "Will the "Small Round of Elephants" in Bonn Result in a Crisis Within the Coalition?"]

[Text] Lately, harmony has prevailed whenever Federal Chancellor Kohl and CSU chairman Strauss met with one another. It was not always like that. Admittedly, in former times also, vociferous complaints had tended to quieten by the time the protagonists came to sit at the same table--even though they sometimes recurred after the meeting. In recent months the CSU noted that cooperation with the Bonn chancellery was improving. The party ascribes this to the efforts of new chancellery head Schaeuble and also to the Federal Chancellor's realization that he is dependent on an understanding with Munich. To the extent that the Chancellor had become estranged from his Minister for Foreign Affairs with respect to some issues--such as SDI--, Kohl had shown himself more willing to seek coordination with the CSU leaders at an early stage instead of informing Strauss post facto of policy agreements with the FDP. Bavarian CSU votes in the Bundesrat have been increasingly important since the loss of the Saarland--as demonstrated in the tug of war about the early retirement of Bundeswehr officers. Since then Munich is entitled to expect Bonn to take it far more seriously. That, at least, is the CSU's appraisal of the situation. It assumes that, following last spring's election results in North Rhineland-Westphalia and the Saarland, Kohl has been acknowledging the imperative need for the Union as a whole not to lose its contours. This is specially necessary with respect to Bavaria, in view of next fall's provincial assembly election. However, it holds increasingly true for the CDU also in the run-up to the 1987 Bundestag elections. That is why meetings in the chancellery are to occur more frequently; the next one is already set for the second half of January.

At the latest meeting, agreement was certainly to be expected, because Thursday's discussion concerned SDI. Genscher's pulling on the brake merely served to unite the Union parties. Right from the outset, the advocates of cooperation in SDI--at least those inside the government itself--cited three possibilities for a government agreement between Bonn and Washington: A skeleton agreement, an exchange of letters, or a memorandum of understanding. None of these requires ratification by parliament. At various times in the past, Kohl and leading CDU politicians (such as fraction chairman Dregger) had favored a skeleton agreement, and so did Strauss and his CSU. The FDP, on the other hand, showed itself doubtful if not opposed. It now appears that the agreement will take the form of an exchange of letters and, since Kohl left Genscher in no doubt about his determination to arrive at a SDI agreement, the FDP has been trying to represent this as a success scored by the Foreign Minister: An exchange of letters is said to mean less than a skeleton agreement. Genscher's attempt at face saving displeased the CSU. It was therefore particularly insistent on equating the quality of an exchange of letters with that of a government accord. This was supposed to demonstrate that basically no significant concessions had been made to the FDP in general and Genscher in particular. Kohl, Strauss and Dregger also need to save face: The present formula therefore runs as follows: Government agreement, in whatever shape. Designations serve both sides as something of a touch-up.

Some FDP politicians (for example Genscher's Minister of State Moellemann) claim success in having prevented government money from being spent on SDI. At one time an annual allocation of DM8-10 had been considered for research at German institutes, and it was not at all clear how much the government would need to contribute. However, such considerations had never been a topic of discussion at any general Cabinet meeting. It had been established long before that budget resources were not to be spent on SDI; the government agreement was merely to serve as a "protective cloak" for FRG companies involved and help to settle the conditions for security clearances, technology transfer, licenses and price fixing. In addition to the formal item in the FDP's claim to have succeeded in its goal--exchange of letters instead of skeleton agreement--the financial consideration therefore also looks like a cosmetic touch-up.

The dispute with the FDP on points of detail has still not been settled. That much is evident by the small coalition partner's definite distancing from the talks between the Union parties. Still, in the final analysis Genscher will hardly be able to resist the CDU and CSU line and will have to be satisfied with the face saving touch-ups. Strauss will probably consider it a plus for himself to have reinforced Kohl and spoiled Genscher's attempt at arriving at a compromise solution. Strauss has other concerns: The Bavarian farmers are abandoning him, and he holds Bonn's farm policy responsible--albeit this is being carried out by a CSU Minister for Agriculture. Consequently, the talk in the chancellery dealt at length with tax relief to ease the hardships on farmers arising from EEC regulations. At the January meeting, it is intended to draft guidelines for the election campaign. It was already agreed now to focus the election campaign on the development of the economic situation and employment creating measures such as the encouragement of part-time work. All eyes are on 1987. It appears that the Union is closing ranks.

11698
CSO: 3620/98

LAFONTAINE BLASTED FOR DEALING INDEPENDENTLY WITH GDR

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 16 Nov 85 p 3

[Article by Fy: "Bonn's Anger About Lafontaine's Visit to Honecker"]

[Text] Werner Felfe, SED Politburo member and CC secretary for agriculture, will visit the Federal Republic later this month. At the invitation of the DLG [German Agricultural Association], Felfe will go to Frankfurt on 26 November to visit an agricultural exhibition and meet with former Agriculture Minister Ertl who is now chairman of the DLG. Following inspection of a canning factory and a cooperative winery, Felfe will leave for Bonn on 27 November for talks with von Heereman, chairman of the German Farmers' Association, and members of the Bundestag fractions. On 28 November he will meet with Chancellery Minister Schaeuble and Agriculture Minister Kiechle (the latter at an official dinner). Later that evening, Felfe will fly back to Berlin. Bonn affirms that Felfe's visit has nothing whatever to do with a possible visit by Honecker, and that Bonn has neither received any signals of such a visit nor begun any preparations for it.

The Federal Government's efforts at countering speculations about Honecker's visit and thereby preventing the "pressure of expectation" correspond to the attitude assumed by the GDR. There, also, it is stressed that a Honecker trip to Bonn, in particular its timing, is still "uncertain." Additional evidence is provided by the interview that Honecker recently granted the SAARBRUECKER ZEITUNG, and which was reprinted in all East Berlin newspapers. Honecker said: "As you were able to note yesterday (Monday) from the DPA report issued by the Federal Chancellery, a visit by the GDR Council of State Chairman is not at all certain." No contacts to that effect have been established between the competent agencies of the two countries. Following the Geneva summit, Bonn's calendar of engagements is crammed, and his engagement calendar is not exactly empty either. "At any rate," Honecker added, "and disregarding the remarks mentioned, you may assume that the visit will take place at a time considered appropriate by both sides." It is something new for the GDR Council of State Chairman to quote the Federal Chancellery to describe his own dispositions and shows that the issue of the visit is being coordinated by the Federal Government and Honecker. The competent agencies of the Federal Government are at a loss to explain the origin of the rumors circulating in the federal capital for the past weeks, claiming to have knowledge of long standing secret preparations for a short visit by Honecker for talks with the Federal Chancellor and the Federal President and a subsequent visit to the

Saarland. Upon consideration of the matter, the possibility cannot be ruled out that these rumors represent an attempt at disinformation with the aim of preventing the visit.

In the meantime, the Federal Government has been worried by the arrival of the Saarland premier in East Berlin, in particular his remark that it was necessary for the Federal Government to recognize GDR nationality in order to normalize tourist traffic. Last Friday, State Secretary Ost expressed the Federal Government's surprise that Lafontaine should have publicly questioned basic attitudes of Germany policy, hitherto upheld by all parties. Anyone coupling the easing of tourist traffic with recognition of GDR nationality was actually damaging the interests of the public and made himself suspect of championing the interests of the GDR. Ost said: "There is only one German nationality, and we will not deprive anyone of it." A day earlier, Chancellery Minister Schaeuble had already criticized Lafontaine's remarks and stated that fundamental concessions such as the retreat from the legal view held by the Federal Republic were likely to threaten the efforts to achieve humane relief while keeping open the German issue. The Federal Government had been successful with this policy and would not let itself be distracted by sniping from the ranks of the Social Democrats. He was asking himself whether Lafontaine was supposed to act as the spearhead of views hitherto not even put forward by Honecker, or whether he, Lafontaine, was simply incompetent. "With regard to the approach Lafontaine has now taken, there is no community of views whatsoever with the Federal Government, because the Constitution provides for only one German nationality," the minister said.

However, the Federal Government experts on German policy are seriously worried about other aspects also. According to them, Lafontaine's behavior and the result of his visit to East Berlin raise the question whether there will in future be one or more "Germany policies" rivaling that of the Federal Government. This would not only run counter to common interests but also to the interests of Berlin. It is reported that the following points had been agreed at Lafontaine's visit to East Berlin: The Saarland Provincial Assembly is to send a delegation to the GDR next year, while a delegation from a GDR district is to be received in the Saarland. The Saarland city of Saarlouis is to be the first FRG city to be twinned with a GDR city. The exchange of young people between the Saarland and the GDR is to be expanded. Also envisioned is the intensification of sporting and cultural contacts. Agreed, for example, were guest appearances by the Saarbruecken Land Theater in the GDR and by the Rostock Popular Theater in Saarbruecken. Saarbruecken and Leipzig Universities are to deepen their contacts. All this is to happen regardless whether a cultural agreement is concluded between the FRG and the GDR. The question therefore arises for West Berlin, whether it should allow the other federal laender to overtake it with regard to the expansion of contacts with the other German state and remain aloof of such efforts, or whether it should also nurture direct contacts and arrive at arrangements with the GDR--something that would have represent a very different quality. Indeed, it would respond to the GDR's claim that West Berlin was to be considered a separate political entity and, therefore, not part of the Federal Republic--not even with respect to representation of West Berlin interests vis-a-vis the GDR.

11698
CSO: 3620/99

HOSTAGE NEGOTIATIONS WITH IRAN LINKED TO TRADE, REACTORS

Commercial Interests

Paris LE QUOTIDIEN DE PARIS in French 2 Dec 85 p 2

[Article by Dominique Lagarde: "Iran: Bargaining for Four Hostages"]

[Text] Beirut, Tehran, Damascus: French authorities are "pulling out all the stops" to obtain the release of the four French hostages being held in Lebanon. "Some progress has been made," is the official report.

Questioned on Europe 1 on Friday afternoon, Roland Dumas reported that the mission of Dr Razad Raad and Pierre Blouin, the diplomat accompanying him to Lebanon, had led to "some progress." Blouin himself, when asked a little later whether the mission had brought progress in the hostage case, responded in the affirmative and added: "When the light turns green, there won't be one rebel keeping the door closed." It remains to be seen who will give the green light, however. Apparently not knowing the answer, the French Government is "pulling out all the stops."

In Lebanon, Dr Raad met with Hezbollah officials during his "humanitarian" mission. Those officials belong to the same pro-Iranian Shiite movement as the kidnappers of the four French. The kidnappers are demanding the release of the five members of the commando that tried to assassinate former Iranian Prime Minister Chapur Bakhtiar (see LE QUOTIDIEN, 22 November) in France. The French hostages are reportedly being held in two different places: in the southern suburbs of Beirut, in the case of Jean-Paul Kauffmann and Michel Seurat, and in the Baalbeck region, the Hezbollah stronghold, in the case of Marcel Carton and Marcel Fontaine.

Contacts seem to have been made with Iran through various channels. Tehran wants to demonstrate a certain "good will" by sending a mission to Lebanon, but on the condition that France would for its part make a gesture toward Iran, particularly regarding the financial dispute between the two countries. This is what clearly emerges from contacts made by moderate Deputy Jean-Marie Daillet, who hopes to go to Tehran at the end of the week with other deputies and businessmen.

For her part, Mrs Joelle Kauffmann, wife of the journalist being held hostage, wrote to Ayatollah Khomeyni a month ago asking him to use his "great religious and moral power" to help her obtain the release of her husband. She told France Inter yesterday that she had obtained assurance from Iranian authorities that they would "do everything in their power" to help her. She indicated that her Iranian interlocutors had never told her of any condition whatsoever regarding the French-Iranian dispute.

With Syria, the French authorities remain in close contact on the matter. The kidnappers of the four Frenchmen are "pro-Iranian," but Syrian influence in Lebanon and the fantastic "blocking ability" of Syria are well-known.

The deterioration in Syrian-Iranian relations in Lebanon appeared as one of the brakes explaining the relative ineffectiveness of Syrian efforts. The Tehran visit of a high-ranking Syrian mission that began yesterday -- headed by the prime minister -- will undeniably be followed with great interest in Paris.

French businessmen and members of Parliament are to go to Tehran on Friday. The former are interested in the Iranian market, while the latter, led by Deputy Jean-Marie Daillet from Manche (CSD), will have political talks, mainly concerning the French hostages being held in Lebanon by pro-Iranians.

It all began in May. French businessmen, major exporters in the field of public works and equipment, contacted Jean-Marie Daillet: They found it extremely unfortunate that France should be kept out of the Iranian market "when English, Belgian, German, American or even Israeli products have access to it," and they wanted to set up a private delegation that would go to Iran with an essentially economic objective, but with which a number of members of the French Parliament would be associated so as to have political talks aimed at thawing the atmosphere between the two countries.

Jean-Marie Daillet, who has long been convinced that members of Parliament could play a "complementary role in official diplomacy," said he was interested. The same business circles then put him in contact with a diplomat at the Iranian Embassy in Paris, Gordji. The latter hoped that the French authorities would soon issue a visa to his mother-in-law so that she might be in France when her daughter gave birth to her grandchild. Daillet transmitted his request to Roland Dumas; the young woman could have her mother with her. Godji then resumed his contacts with Daillet. This time, he was accompanied by an Iranian professor, Tadjvidi, who taught liberal arts and was an expert on Omar Khayyam. About 50 years old, he was in France to write a thesis.

Once the contacts had been made, it was soon a matter of a trip to Tehran, but between Atens and Rome, Shiite extremists took the passengers of a TWA Boeing hostage on 14 June. They would not be released until 2 weeks later. There was every reason to believe that the highjackers belonged to the pro-Iranian movement of Lebanese Shiite terrorists and the French let the Iranians know that the time was perhaps not right for a visit to Tehran.

Unable to carry out their proposed mission in the immediate future, the French and Iranians decided to set up a joint association. The latter, the Latin-Eastern Economic Cooperation Organization (OLORCE), set up a few weeks ago, is headed, for the French, by Jean-Marie Daillet and, for the Iranians, by Tadjvidi.

When the trip to Tehran once again came into question, Daillet posed the matter of the French hostages in Lebanon to his interlocutors, telling them, in substance, that "if our hostages are being held by people claiming to be with you, can you not do something?" The Iranians then brought up "the Eurodif dossier" by way of an answer. This is a French-Iranian dispute that has to do with France's nonpayment of a loan for $1 billion granted to the Atomic Energy Commission by the Shah of Iran in 1975, along with Iran's participation in Eurodif, which participation Iran unilaterally gave up after the revolution.

President's Friend

Daillet then had the idea of putting an oral question, without debate, to Pierre Beregovoy, minister of economy and finance, on the Eurodif dispute. The text of the question was transmitted to the Elysee, which replied that Beregovoy's response would be in the direction of an opening to Iranian concerns. An interview took place shortly thereafter between Georges Beauchamp, a "friend" of the president, Jean-Marie Daillet, and the Iranian charge d'affaires in Paris (now appointed to an important post in Tehran). From that meeting, it emerged that if the French authorities made an "open" response to Daillet's question, the Iranian Government would send a mission to Lebanon concerning the problem of the French hostages.

Curiously enough, on 27 November, 48 hours after the question was put before the National Assembly, the deputy received a "very excited" call from the office of Pierre Beregovoy. In substance, he was told that his question was "embarrassing" because negotiations were underway (a delegation of French experts had left for Tehran during the week). Daillet was somewhat astonished by the intervention and, given the green light from the Elysee, decided to pursue the question. On Thursday, 28 November, a member of Dumas' staff contacted him: The minister of foreign relations wanted to see him that very day at 1930 hours. The meeting would be brief because Dumas was to attend a dinner given for King Hassan II, on a state visit to Paris, but it was courteous. The minister was favorable to the Daillet delegation. He expressed the hope that members of Parliament from the majority would be part of it, which the deputy accepted: "We must not carry France's quarrels abroad," he told us. Concerning the oral question put before Beregovoy, the minister promised his guest that he would make sure that the staff of his colleague in economy and finance would draft the response in the right direction.

No Response From Beregovoy

However, between Thursday evening and Friday morning, Dumas was apparently unable to contact Beregovoy. It was Charles Josselin, new secretary of state for transportation, who was present in the National Assembly Friday morning to respond in the place of the minister of economy and finance. The response he read was nothing more than a history of the Eurodif dispute, accompanied by procedural considerations. In other words, it had every chance of being perceived by the Iranians as a refusal! Immediately after the session, a member of Dumas' staff again contacted the deputy to forward the apologies of the minister -- who was unable to contact Beregovoy -- and propose posing a new question, this time to the minister of foreign relations, whom he would ask to "complete" the response from his colleague in economy and finance with a "presentation of the diplomatic aspects of the affair." In the meantime, they would explain to the Iranians that the first response was purely a matter of form. The procedure used was that of the written question this time, in order to speed things up. Daillet's text was submitted to Dumas' staff in the evening and the deputy hoped to obtain the minister's answer by today.

The French mission to Iran is to leave on Friday, in fact. Officially speaking, it will be a delegation from OLORCE, accompanied by a half dozen deputies. In addition to Daillet, they might include two RPR deputies, Loic Bouvard for the UDF and, for the PS, Yves Tavernier -- who brought Jacques Abouchar back from Afghanistan -- and Gerard Bapt. On the agenda, naturally, improved French-Iranian relations and therefore, the Eurodif dossier and the hostages. From the Iranian standpoint, the two affairs are actually linked, even if, in addition, the kidnappers of the four Frenchmen are demanding of French authorities the release of the commando that tried to assassinate Chapur Bakhtiar in 1980.

Nuclear Energy Loan

Paris LE QUOTIDIEN DE PARIS in French 2 Dec 85 p 3

[Article by H. T.: "Why Tehran Is Demanding $1.5 Billion From France"]

[Text] France has little luck in its economic relations with Iran, especially since the collapse of the monarchy and the advent of the regime of the ayatollahs. A French delegation recently went to Tehran to try to make progress, among other things, on settling the dispute that has persisted since the conclusion, in 1975, of an Iranian loan to the Atomic Energy Commission.

French nuclear industry officials in 1975 saw the future of French-Iranian cooperation through rose-colored glasses. Had the Iranian Government not granted a large loan to the Atomic Energy Commission on the order of $1 billion?

Was it not preparing to buy 10 percent of the shares in Eurodif (a civilian uranium enrichment plant), a 51.3-percent subsidiary of COGEMA (General Nuclear Materials Company)? Was a "pool" of French enterprises, led by Framatome, not going to be awarded construction of two 900-megawatt nuclear powerplants, while the official from the Iranian nuclear sector anticipated that "atomic" energy should represent 50 percent of his country's production capacity by 1990?

Unfortunately, the fall of the monarchy made all these fine projects nothing but pipedreams. Using the excuse that funds earmarked for Iranian participation in Eurodif were not paid, the government postponed repayment of the loan to the AEC and for so long that such payment, now demandable, amounts to some $1.5 billion. In the meantime, the mirage of powerplants built by France has gradually vanished. In 1984, the effects of the nonpayment of the Iranian share in Eurodif resulted in the parent company, COGEMA, having a balance slightly in the red.

13 Billion Francs Lost

Already seriously hurt by the fall of the monarchy, French-Iranian economic relations had nevertheless gotten off to a new start and made substantial progress until the embargo ordered in 1980. In August 1981, French-Iranian trade was again affected by the deportation of the French ambassador by the government in Tehran. At that time, the new leaders' refusal to honor contracts made with the previous regime resulted in outright losses of some 10 billion francs by French manufacturers. For its part, COFACE [French Foreign Trade Insurance Company] paid some 3 billion francs in different types of compensation in 1980 and 1981.

The third shock came in November 1983. As reprisals for France's "loan" of the Super Etendard to Iraq, Iranian authorities decided to launch a campaign to discourage their nationals from "buying French," while French banks still operating in Iran were systematically eliminated from operations financing oil sales.

Since that time, relations have been gradually restored, but France remains far behind the main trading partners of Iran: the FRG and Japan. In 1984, for example, the volume of West German exports to Iran was on the order of 18.3 billion francs, compared with 1.6 billion for French exports.

The only sectors of activity relatively spared by the slump in commercial trade between France and Iran remain the agro-food and pharmaceutical industries.

Encouraging signs have nevertheless appeared on the horizon recently and the resumption in negotiations on the Eurodif case is one of these. But the time of the big contracts is definitely long gone.

11,464
CSO: 3519/66

DISSENSION SEEN INCREASING IN PCF

Paris LE MONDE in French 3 Dec 85 pp 1, 8

[Article by Patrick Jarreau: "Reading Between the Communist Party Lines"]

[Text] One has to read between the Communist party lines. The official text is that of Georges Marchais, who stated Sunday, 1 December in Toulon: "Each member, and I mean each one," in the PCF must consider that "henceforth his task, his responsibility is as follows: to rally to the Communist vote." The hidden text responds: "I agree completely," for now, but it adds that in the future, meaning after the elections next March, "debate will be inevitable." Those are the words of Pierre Juquin speaking Monday morning on Europe 1 [radio station].

The problem for the PCF leadership is that the "other" party is increasingly evident and that the debate announced by Juquin is becoming increasingly inevitable, as he proved amply during a visit to the Herault [department] late last week. If the March results follow the current predictions of the polsters, if the Communist party loses still more votes after having dropped to 11.28 percent of the vote during the European elections in June 1984, the leaders will have toface the rank and file members who have not waited for the election to show their disagreement with the line of action being followed and the concern it inspires as to the future of their party. More than tomorrow's debate, it is today's struggle that worries the PCF leaders.

In fact, we are seeing the confrontation of two tendencies within the Communist party. These two currents did not arise from the problems of the past year, nor from the dilemmas encountered during party participation in the administration from 1981 to 1984. But it has been a long time since they have been in such open conflict. That is the novelty of the present situation. The leadership has not succeeded in imposing a consensus that is satisfactory to the majority of the party. Which leaves them only the choice between silence or becoming marginal.

One of the battlefields of this confrontation was the CGT [General Labor Confederation] convention where Henri Krasucki did not miss the opportunity to act in such a way that the existence of two orientations of the Communist leadership in his union were obvious. In his own way, the general secretary of the CGT, circumvented by Louis Viannet, "the number two man," a member, as is Krasucki, of the PCF political committee, and by his friends, set a date with destiny.

"Each of us must assume his own contradictions, Krasucki said (LE MONDE, 30 November), a statement with several meanings that was addressed to both the Socialist union activists, to the Communists and...to himself.

A more spectacular event also took place last week. It was the denunciation by Marcelin Berthelot, the mayor of Saint-Denis, of the activities of two Communist leaders, Pierre Zarka, a deputy, and Jean-Louis Mons, first secretary of the Seine-Saint-Denis [department] federation, both members of the central committee of the PCF, during a visit to the city by Francois Mitterand for the dedication of the new buildings of the Legion of Honor School, on 22 November. Berthelot, who abstained from his party convention last February, was not happy with the fact that he was required by federation leaders to be excluded from a ceremony with which his community was supposed to be associated, since it had participated in the modernization of the school in question.

The Seine-Saint-Denis federation, the largest in the PCF, had experienced a particularly lively debate during the period that followed the European elections. The first secretary at that time, Francois Asensi, deputy, had been accused of expressing criticism of the party leadership to the central committee.

Zarka had been the point man in the offensive that resulted in the eviction of Asensi from the central committee, then his replacement at the head of the federation by Mons, former president of the general council. Jack Ralite, former minister, mayor of Aubervilliers, has paid for his refusal to participate in this offensive by losing his place on the candidate list for the legislative elections, (Ralite heads the PCF list for the regional elections) whereas party leadership had to concede eligibility for the National Assembly to Asensi. By implicating Zarka and Mons, without mentioning their names but very transparently, the Saint-Denis mayor is showing that the wounds from the early part of the year are not without consequences.

Beyond the situation specific to Seine-Saint-Denis, Berthelot's anger reflects the feelings of many PCF elected officials about the activism of certain federation and union leaders supported by top leadership. Roland Leroy, faithful to his line of action, immediately took the side of Zarka and Mons on 27 November making a declaration of CGT department level unity against the mayor of Saint-Denis to the press. In sum, for Leroy, on the one hand there are the authentic representatives of the workers struggling against administration policies and, on the other hand, an elected official who does not have as clear an idea as he should have of what is currently at stake.

"Black List"

If he hasn't already done so a long time ago, Leroy will be able to add to his "black list" elected officials and federation leaders from the Herault who, late last week, on the occasion of a series of initiatives on the theme of peace and disarmament, invited Juquin who is officially in charge of these questions in the central committee. Bedarieux, Pezenas and Montagnac, the last relatively large PCF municipalities in the department (after the loss of Beziers and Sete in 1983), had organized a "peace week" designed in a spirit of openness. Socialists had been invited, which, given the theme of the event, the PCF leadership cannot criticize. Church representatives were also present. The Bedarieux meeting Saturday had brought together a thousand people, a considerable number for that community and on that subject.

For Zarka, this visit had been an opportunity to dialog with the PCF sections and cells, as is usually done when a national leader "descends" to a department level. Certain sections had not experienced such a parade of activists or former activists for a long time. A member of the federation cabinet, who had come from one of the cells to incite it to refuse to meet Juquin under the pretext that such a meeting wouldn't have conformed to the bylaws, was placed in a minority and contradicted, including by activists who, subsequently, were to express their disagreement with the former party spokesman.

The Herault federation secretariat, purged of its minority members during last February's convention, stayed out of the demonstration. It even intimated that to the party bookstore manager at Montpellier a prohibition to sell Juquin's book ("Autocritiques" [Self Criticism]). Members of the federation cabinet, lower leadership level were, on the other hand, present. The visit of the person who today appears to be the spokesman for those who are partially or totally critical of the leadership line, had echos beyond the boundaries of the Herault, with the leadership of the neighboring federations. Juquin's line of conduct is as severe for the PS as intransigent on the subject of his party leadership. He said Monday on Europe 1, "The right would not return if the left had had better policies." He proposed that the PCF set as a future objective doubling its vote in the 1984 European elections. He believes that should allow him to avoid what he maliciously calls the "being treated like a frisbee," or marginalization followed by exclusion and rallying to the Socialist party. The status quo that the PCF is clinging to in the face of its former spokesman appears to be an arm wrestling game. Who will best use the other, the leadership in order to give itself the image of tolerance and keep those it has displeased at its sides, or Juquin to give weight to the Eurocommunist tendency he represents?

The entrance of the elected officials into the field, against which Marchais had warned the [party] apparatus during last June's meeting of the central committee, gives a new dimension to the internal confrontation of the PCF. Until now, elected officials, who do not have a primary role in the "professional revolutionary" party that the PCF continues to be from the organizational standpoint, only expressed this disagreement in private and officially acquiesced. Berthelot's initiative and that of the Herault mayors could create a movement that the party leadership would have a great deal of difficulty mastering without damaging themselves in public opinion.

9969/12859
CSO: 3519/70

POLITICAL IMPASSE SEEN LEADING PAPANDREOU TO PRESIDENCY

Athens I KATHIMERINI in Greek 15-16 Dec 85 p 1

[Article by Nikos Nikolaou]

[Excerpt] The perplexity and lifelessness with which the government has reacted to the strong shocks the economy has suffered in recent weeks has convinced independent observers that fermentations in Kastri are at an advanced level. The inactivity of these days--with only some new cogitations by Andreas G. Papandreou--can be interpreted to mean, and everyone expects, that soon initiatives will be undertaken from this side which will intensely mobilize the political life. Really, there is no longer anyone in the prime minister's immediate entourage who does not acknowledge that the present government body, on the one hand, is not efficient and cannot effectively handle the economic crisis and, on the other, with its dictatorial spearheads (Koutsogiogas, etc.) prevents any dialogue on affairs with other political forces in the Chamber and, at the same time, does not allow utilization in certain key positions of the economy (banks, organizations, etc.) of independent technocrats with a wider exposure who, without party blinders or dependencies, could help in cleaning up conditions and correcting mistakes.

The same coworkers of the prime minister ascribe to the present government body an inability to exploit the overall acquiescent climate created by the ND president with his statement in the Chamber. "When," they stress, "Mitsotakis himself does not hesitate, after four years of PASOK, to say he is ready to go along with the government, it is unacceptable for the latter to be isolated on nearly all fronts and for PASOK to face, in all areas, from the universities to the trade unions, the enmity of all the country's political forces.

More specifically, on economic issues, in the opinion of the prime minister's coworkers, the abatement observed recently in the labor area provides the government with the opportunity to achieve, if not an acquiescense, at least a forbearance and truce from ND and DIANA [Democratic Renewal] so the tough winter for wage-earners will not be ignited by mass strikes and social agitation.

It is unknown at this moment where Papandreou's agonizing cogitations will end up and what initiatives he will take to disengage himself from the impasses, most of which he has gotten himself into with unlucky actions and a lot of mistakes. One thing that is certain, at any rate, is that the present government body, just four months after its formation, is unable to exercise power and, particularly as concerns economic developments, it clearly no longer controls them.

From another standpoint, however, it is also a fact that Papandreou's margin for maneuvering is probably much more restricted, if not nonexistent. Despite the fact that he maintains his influence and, as recent polls have shown, his effect on the people is still great, PASOK, as a party organization and a vehicle of power, has been slandered so much that political collaborations with it are considered reprehensible and risky. Certain approaches end in candidates for cooperation putting forward conditions which are disappointing for Papandreou, since he is being asked essentially to break up the entire party para-state and remove from the government officials such as Koutsogiorgas.

A Minister's Admission

These impasses reinforce the diffuse impression that, for Papandreou, no other road is left except...fleeing to the presidency! In fact, a minister in the economic sector said a few days ago that, in the spring of 1986, when the economic crisis is at its highest point, the most fascinating film ever shot about the country's political life will begin to roll before astounded Greek observers. It literally will be a thriller, as Papandreou's heavy steps to Irodou Attikou street will be accompanied by scenes of mystery and agony which will leave speechless many of those who believed in the nonsense they heard in the Chamber on the day the present president of the republic was elected.

At any rate, regardless of Papandreou's more distant plans for either expanding the government or becoming president (which need some time to ripen, however), the sure thing is that he must take some measures very soon to deal with certain urgent problems. Among these, independent observers note the following as more significant:

First, the credibility of his government which has been irreparably harmed. It is perhaps tragic, and may cost the country, that now, when Papandreou himself has become aware of many truths about the economy and the foreign policy, now that he really has made a turn and is trying to correct mistakes of the past, and find ground for co-existence with private initiative, at precisely this moment of truth, his past betrays him, his party undermines him and yesterday's coworkers and friends sabotage him.

Like the boy who cried wolf and did not see anyone running to help him when the wolf really did invade the sheep-fold, now the prime minister, despite the important steps he has taken in the right direction, is finding no response because the confidence of adherents and adversaries has been shaken. According to an "Evrodim" poll published in TO PONDIKI, 69 percent of those questioned believe the government does not keep its promises.

9247
CSO: 3521/65

PAPANDREOU'S MARGIN FOR MANEUVERING SEEN SHRINKING

Athens I KATHIMERINI in Greek 17 Dec 85 pp 1,3

[Article by Nikos Simou]

[Text] The government, seeking prolongation of the public's forbearance, facing the measures it has already taken on increased rates for the public utility organizations, is now counting on the Christmas "moratorium" with the people and the deceptive picture of the thirteenth paycheck. Moreover, it is counting on some small resources of the people, a little toughness anyway, in such a way that it will be able, in a first phase, to get through the critical three months until summer. In this period, the burdens on the people will be particularly oppressive since the "gift" will have been reduced to nothing before it is even collected and immobile salaries, combined with increases in goods and services, will have made the Greeks incredibly poorer. The next period of relative "relief" for the government is that of summer vacations, when the lower cost of living and the escape from urban centers are factors on which the government is pinning its hopes for a new prolongation of forbearance, before the start of: first, a new round of clashes with the unions and workers who will become aware that for another year they will have to suffer the same conditions of poverty, with, in fact, their minimum savings growing thinner; and, second, a new round of political clashes with the opposition parties which will demand elections since the constitution's required time-limit of twelve months since the last elections will have been completed.

These conditions--supplemented by the opposition's recovering of popular credibility at a slower rate than that of the government's deterioration--will, in the next few months, in the view of political observers, direct the tactics of the prime minister, whose position is daily becoming more difficult.

Staying in Power

Papandreou's foremost concern, according to the same political indications, is to stay in power as long as possible. If the time at which he loses it were accelerated, it would mean for him a disorderly departure "amidst popular insults."

This goal is revealed by the measures he has taken, but also by the anticipated toughness of those which will follow, since the government and the prime minister personally, within a short period of time, will have to administer government with the "hindsight" they have not had for so many years.

However, this delay in exercising a realistic policy--which is now imposed not only from without but also because of specific conditions created by the government--prescribes inauspicious prospects for democratic normalcy. This is because a normal imposition and implementation of measures presupposes government credibility. Otherwise, their imposition and implementation push onward to government dictatorialness which, to the degree it aims at popular coersion and preventing or suppressing popular reactions, most clearly conspires against the normal functioning of democratic institutions.

In the same space of time--and always with the prospect of desperately maintaining PASOK's impression on the people, particularly in the leftist area--Papandreou will have to "wed" contradictory goals. His beloved tactic of political bilingualism--a leftist language domestically and a pro-western one to the outside world--cannot be kept credible. No longer can the prime minister confine himself to theories; he is called to take tough measures domestically which will disagree with the leftist language with which he would like to disorient--and appease--the masses beyond the centrist area.

From another standpoint, the prime minister no longer has margins for a display of anti-western bravado to the outside world, for reasons everyone understands. As a result, Papandreou is imprisoned within the limits of a specific policy which he is unable to escape with demagogic maneuvers. Thus, the only way out for Papandreou is the...official opposition, whose mistakes he not only wishes for but he even tries to provoke.

Based on these orientations of the prime minister in the coming months, New Democracy's course should appear easy. Despite all this, its cadres who tour Greece and avoid having their conclusions bind them--for reasons of personal objectivity--to troubles at the top have certain realizations leading to thought, with not particularly optimistic elements, relating to the government's decline.

The New Democracy

These realizations--which maybe should be the compass for party tactics, are the following:

1. An "anti-deputy feeling" among cadres in the party's organized base in fairly many areas of the country is considered a result of the inadequate contact of the deputies from these areas with the faction's supporters there, while the activity of other members of the parliamentary group is not enough to alter the general picture.

Another interpretation on this perception of party cadres is that the "anti-deputy feeling" arises from their effort to upgrade themselves within the party machine, while at the same time contending for more decisive roles in the party's operation.

2. A related desire for broader activation of the base. This phenomenon is attributed to the disappointment resulting from the electoral defeat and to the faulty party effort thus far to re-establish the faction's psychology. Moreover, "mobilization" through party congresses has been an object of intense party conflict.

Karamanlis

3. Finally, the rekindling of "Karamanlisism" as a unifying point of reference for ND's cadres and supporters is being realized. This is because, after the faction's repeated intraparty vicissitudes, the party's founder is--given the nonexistence of the faction's cohesive elements which existed before 1974--the expresser of the political principles of Khalkidiki, in which ND adherents are seeking the elements to unify them ideologically.

In this sense, the rekindling of "Karamanlisism" must be interpreted more as a "return to the roots" and less as a demand for the former president's return to active politics, particularly when such an event would entail catastrophic prospects for the country, which no one wishes for.

From another standpoint, the "hearths" of anti-Karamanlisism, in isolated areas mainly to the south, are nothing more than the now-diminishing result of an intentional propaganda by cadres who, in the "Karamanlis alibi" (he abandoned he faction, he left no descandants, etc.) find the only way out to justify their inability to either return the party to power or exercise an effective opposition.

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CSO: 3521/65

PASOK'S 'CENTRIST' ATTEMPTS

Athens POLITIKA THEMATA in Greek 12 Dec 85 p 10

[Text] Despite all the "denials," it is certain that Mr. A. Papandreou as well as his confidential advisers are continually discussing the possibility of some "opening up" of the government by the participation of personalities who had political connections to the ND. And this so as to give the world at large, that is, the people, the impression that the government's policy has a broad basis of acceptance. Besides, the proposal Sot. Kostopoulos, the former press secretary general who is also very close to Kastri, made to the Central Committee of the PASOK was not as spontaneous as all that, as it specified, in fact, that the opening would require the participation of Messrs. D. Livanos, K. Stefanopoulos and I. Boutos. What was not disclosed at that stage, independently of what lies in store for those [who engineer] the opening, is that Kastri will not accept group cooperation, but personal or rather individual adhesions, to avoid notable changes in the party but also in order to avoid upheavals within the party which the PASOK today is no longer able to face.

Since we are talking about the government and its inner workings, we should say that Mr. Andr. Papandreou, with the dismissal of Mr. K. Laliotis, decided to proceed to give his government a new political coloration through a reshuffling. And to "color" the government centrist by using many well known deputies of centrist origin, while simultaneously removing all or almost all leftist ministers and deputy ministers. This new "image" is viewed by Mr. A. Papandreou as being absolutely necessary to help him with his preparations to "stroke" the private sector of our economy, particularly businessmen and industrialists. By going even as far as to dismiss Mrs. Vasso Papandreou as the alternate minister of industry, the premier is determined to sacrifice her to his great maneuver--which, the way things are going, will also be the last one.

12278
CSO: 3521/72

GENNIMATAS' CONTINUED PRESENCE IN GOVERNMENT DOUBTED

Future in Doubt

Athens RIZOSPASTIS in Greek 27 Nov 85 p 2

[Text] Speculations, agitations and controversy throughout the PASOK party machine are intensifying following the recent Central Committee meeting which confirmed that impasses exist in the government's conservative and dictatorial policy. At the same time, following the resignation-removal of K. Laliotis, the war between various centers of influence is continuing, as it appears the next in line is Minister of Health and Welfare G. Gennimatas. The entourage and mechanisms controlled by Koutsogiorgas are already firing in every way at Gennimatas. The latter is also a deputy, however, which is taken into consideration and carries weight as concerns the way to be chosen for his possible removal. Already, according to information, it has been suggested to Gennimatas that he be a candidate in the municipal elections. According to the same information, in reaction, Gennimatas reportedly suggested that the incompatibility of the capacities of deputy and mayor be legally removed so he could accept such a proposal. The issue of Gennimatas, however, as well as of several other of the "problematically" strong people in the party hierarchy, is tied also to a possible reshuffling which information is trying to accelerate.

This is because, after Laliotis' removal, but also for other reasons, there is a problem of changing and filling the government. Mainly, however, leading government circles reckon that, with a reshuffling, interest will be drawn from other burning issues and, above all, from popular reactions to the economic measures. At the same time, however, new problems are being created in certain fragile or already shaken equilibriums in the frameworks of the government party.

ESY Failure Invoked

Athens POLITIKA THEMATA in Greek 29 Nov-5 Dec 85 p 10

[Text] Minister of Health and Welfare Giorgos Gennimatas has seemed everything from disappointed to disgusted recently and is probably aware of his approaching end as a minister. It is considered certain that Kastri will throw the ESY [National Health Council] venture on his back, as PASOK has done in the past, where all the so-called successes belong exclusively to Andreas Papandreou but the failures--and, of course, there are overwhelmingly more of these--belong to the appropriate ministers. Remember the famous FAP [Real Estate Tax] which

Papandreou recommended and decided to implement and in the end Drettakis got the blame? Gennimatas' friends say that he is not about to be driven out, but will think of leaving himself. It is already suspected that the lack of funds will supply the excuse for the ESY's failure and he is preparing his suitcases....

9247
CSO: 3521/61

ATTEMPT TO RETURN KARAMANLIS SEEN SOLUTION TO ND TROUBLES

Athens TA NEA in Greek 2 Dec 85 pp 1,15

[Article by G. Patsis]

[Excerpts] An effort is being made to solve the impasse in the Right's faction by returning Karamanlis to the political limelight.

One of the "tests" in this direction occurred on 30 November when the former president's name again became timely, the reason being the car he took with him when he left the Presidential Mansion.

The purpose of maintaining Karamanlis' name (projecting it from time to time) is to remind (mainly the Right) that the former "mighty leader of the faction" has not been put out of commission and does not appear willing to be forgotten completely.

Note is also made of the fact that the rightist press has shown a particular sensitivity for protecting "Karamanlis' prestige"--as it did in the case of the conflict over his car. The "Karamanlis wedge" aims at, and contributes to, cultivating a climate within ND which will facilitate its founder in intervening to solve the problem of its leadership.

Factors from the Right (the dauphins among them) perceive that, with the procedures provided by the written rules for the operation of parties (and of ND), it is impossible to dismiss Mitsotakis from the party leadership.

The issue is made much more difficult by the fact that Mitsotakis, with his devises, is hampering the coordination and effectiveness of the efforts aimed at replacing him.

In order to neutralize these efforts, Mitsotakis is setting up "pre-congress conferences." These have a double goal:

One goal is preparing the party congress (planned for February) in a way which will make it "cut and sewn" to his measurements.

The other is keeping his name alive in the party organs and cultivating the myth of the "irreplaceable leader."

But it is precisely this "commotion" Mitsotakis is causing around his name which concerns the Right's traditional factors, who are skillfully throwing Karamanlis' name "on the market."

Counting the "votes," the "factors" behind Karamanlis calculate that Mitsotakis has only his own 22 deputies, who would follow him after an eventual split.

Those pulling strings in the area of the Right estimate that, if Karamanlis throws his weight into the open battle (the phase of guerilla warfare has passed now) for the ND leadership, then Mitsotakis will lose the game.

In contrast, Mitsotakis himself and those with him testify that "Karamanlis remains out of the game."

9247
CSO: 3521/61

POLITICAL GREECE

KKE'S FLORAKIS SPEECH ATTACKS PASOK

Athens ETHNOS in Greek 3 Dec 85 p 7

[Article by Khristos Mourtzis]

[Excerpt] The secretary general of the KKE Central Committee, Kharilaos Florakis, speaking on 2 December at the gathering of party cadres at the "Palais de Sport" in Salonica, imputed to the PASOK government "conservatism," anti-leftism" and "alliance with the very broad bourgeios establishment."

Florakis, never before as critical, said "PASOK has decisively divorced itself from Allagi, choosing allies on the opposite bank and banishing its radical tendencies."

The government has made no comment on Florakis' speech. Nevertheless, government circles reported that, in the discussion in the Chamber on Friday, Prime Minister Papandreou will give a "comprehensive" briefing on domestic and foreign issues.

Florakis made the following points in his speech: "The PASOK leadership's disconnection from its oldest declarations is all-embracing, meaning the government's incorporation in the political system.

"PASOK has now been molded as a force of alterability in power.

Changes in Direction

"Serious changes in direction are being effected inside the party, on a leadership level. The most conservative, anti-leftist and anti-communist tendencies are being strengthened; those having the most dictatorial and populistic mentality, which do not hestitate to adopt the most unacceptable methods of political application and confrontation.

"On the fringes of the PASOK machine, a new establishment is being formed, tied more to the interests and privileges connected with managing the capitalist system."

Florakis, commenting on the rightist-anti-rightist syndrome, observed: "Today, no schemmatic seperation between rightist and democratic parties can exist," and he continued:

"Our life has shown that anti-rightist forces are best able to handle the present crisis at the workers' expense in another form; namely, by exploiting their anti-rightist sloganizing for anti-leftist targets and at the expense of Allagi."

Florakis referred to three--as he said--new elements which are literally creating a new situation in our country.

First: The workers' great, unified class front, going beyond ideologic differences, with the spearhead being confronting the government's economic measures.

Second: PASOK's political choice of playing the role of a force of alterability in power, in the frameworks of dependent capitalism; the deep crisis in the conservative faction which has led to its disintegration; and the bipartisan scenario of the two "duelists" which has entered a crisis.

Third: Distractions and dangermongering as a political means of disorienting the people.

The artificial scenarios of turmoils and terror are benefitting those who want to frighten the people and are trying to hinder development of the popular mass struggles and disorient political opposition.

The perpetrators of these turmoils should be looked for in the secret services and well-guarded Security Corps shelters.

Florakis then noted: The most serious, the most dangerous thing, as he characterized it, is that "the government presents the struggle against its anti-popular policy as destabilization. The struggle being waged by the communist, leftist, radical forces for a real change in our country it reveals as an undermining of normalcy. Its own deterioration resulting from its anti-popular policy is shown as a deterioration of democracy. The government, identifying itself with democracy and normalcy, accuses from on high that, with our opposition to its policy, we are presumably sawing off the branch on which we are sitting.

"This is open dangermongering and, above all, an undisguised dictatorial, one-party mentality.

"Who is sawing what must be considered by the PASOK leadership itself which, with its policy, is cutting ties with the popular forces of change which have supported it and promoted it to the government of Greece. Just as the PASOK leadership also ought to know that our people have no need of saviors, nor do they recognize owners and monopolizers of democracy and normalcy.

They Deceive

"The demagogic opposition and the provocative tactics of New Democracy and its press have decisively contributed to this whole campaign to deceive the people. While in reality ND agrees with the measures, it harangues and provokes the struggle, imposing the government's overthrow.

"The government and official opposition are doing whatever they can to disorient the people, to distract their attention from the problems and their struggles, with demagogic clashes at the top. For this reason, they are heating up again the rumors about elections, the president, and other such things.

"The government and offical opposition, facing the impasses to which they are leading this country, are capable of any kind of distraction and deceitful action to control political developments."

The Turn

Commenting on the government's foreign policy, Florakis observed:

"The government's turn to the right and conservatism also relates to foreign policy. The "calm pre-electoral waters" with the United States and NATO are constantly becoming calmer, to such a point, in fact, that the well-known Iakovos is now proclaimed national missionary.

"Now the government is not only staying in NATO and not denouncing the Rogers agreement, not only is it not promoting the unilateral removal of nuclear weapons, but it is insisting upon Limnos being ceded to NATO."

Referring to the alliance of the social and political forces of Allagi, Florakis stressed:

"Not only has the need for a new government power supported on the social and political forces of Allagi not ended, it has become more urgent.

"Something new is beginning to appear in the political area of the broadest radical forces. We stress to the people that any positive role whatsoever of forces and people in the direction of Allagi cannot coexist with psychoses against the KKE.

"Every personality, every formation of the Left, is called on to assume its responsibilities.

"Today we are all judged. No one is entitled to remain nailed to conditions and mentalities which impede coalition of forces of the Left, which keep the Left from responding to the commands of the modern era.

"Establishment of the simple proportional system is becoming more timely and more necessary than ever before. Without its establishment, the revision of the constitution will lead not to a strengthening of the Chamber, but to a government monocracy, to an overconcentration of power in the government.

"At present, the PASOK leadership is not disturbed only by the proceedings, the differentiations and the retreats from its lines. What mainly worries it is, perhaps these forces which are differentiating themselves are mingling with the popular movement and going along with the Left and the KKE.

"Within these conditions, it is clear that the responsibilities of our party, which is distinguished objectively as a decisive agent for change, are increasing.

The Key

"The decisive strengthening of our party will be the key for political developments on the road of change, and the catalyst for assembling the social and political coalition of forces for change, for the good of economic and national independence."

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CSO: 3521/61

BRIEFS

KKE NEWSPAPER'S INCREASED CIRCULATION--The rise in RIZOSPASTS' circulation, in the frameworks of the two-month drive, is steady. It held first place among all the Athenian newspapers on Sunday in Athens and Piraeus, with 66,060 issues. Circulation in the rest of Greece on Sunday was 78,000 papers. Totally, on a countrywide scale, 144,000 papers were distributed on Sunday. For the past week (Tuesday to Saturday) in Athens and Piraeus, the average circulation was 36,017 papers. In the rest of Greece only, circulation of the daily RIZOSPASTIS increased in November approximately 10 percent compared to October. [Text] [Athens RIZOSPASTIS in Greek 27 Nov 85 p 1] 9247

CSO: 3521/61

POLITICAL NORWAY

PROGRESSIVE PARTY SEEN STRENGTHENED FOLLOWING BUDGET PACT

Issue-to-Issue Majority Predicted

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 3

[Article by Morten Malmo and Einar Solvoll: "Willoch Safe, No One Anxious for New Government Now"]

[Text] "No desire has been expressed for a change in government. The fact is that never before have so many Storting representatives wanted an incumbent government to continue as now, under the present circumstances," Prime Minister Kare Willoch noted in Storting yesterday. But the prime minister added that the government will resign the minute Storting asks it to. After a lot of drama in recent weeks Storting ended its fall session yesterday by passing the budget plan for the coming year.

The debate and the many revisions clearly demonstrated that the Progressive Party is part of the government's parliamentary base. The Center Party's main spokesman on fiscal policy, Ole Gabriel Ueland, summed up the reality of the situation like this: "Less than half the members of Storting want a socialist government."

The parliamentary leader of the Christian People's Party, Harald Synnes, pointed out that the Progressives have said they want a continued nonsocialist government. "That is why the government is in power. If that is what is meant by a parliamentary base--then so be it," Synnes said.

This summation caused quite a stir in Storting. There were others besides Carl I. Hagen who regarded the speech as an open admission of the reality that the middle parties have consistently refused to put on paper in the budget balancing report.

Anticlimax

The budget compromise with additional spending limits of 201 million kroner was passed with the support of the Progressive Party, after large amounts had already been added to the government's budget proposal earlier. This included an additional 750 million kroner for increased social security payments. The debate in Storting yesterday was a kind of anticlimax that included such things as a discussion of the political situation and having Progressive leader Carl I. Hagen photographed in front of the Storting Christmas tree along with the other nonsocialist parliamentary leaders--something Hagen himself took pains to mention to the assembly in several of his speeches in Storting yesterday.

In the debate Prime Minister Kare Willoch said that the fall budget debate had been somewhat complex and he did not think it would have been possible to arrange a compromise with the Progressive Party at an earlier date. But the prime minister said with reference to future budget discussions that everyone would probably be interested in taking a closer look at the experiences from this year with the idea of improving cooperation next time.

Supported the Government

Carl I. Hagen pointed out that in the roughly 500 votes taken on the budget issue this fall, the Progressive Party backed the government on 470 points--and voted only 30 times on the same side as the Labor Party and the Socialist-Left Party [SV]. Agreements have now been reached on 25 of these 30 points and Hagen said his party had accepted the idea that the country must continue to have a decent regime. Hagen noted that now his picture had been taken along with the other parliamentary leaders, who have refused to talk to him on several occasions, and said that the more annoyed others were about that picture the more pleased he became.

Chills

Center Party leader Johan Buttedahl gave assurances that his party would continue to take part in the present government coalition in order to have the best possible chance to promote the party's special issues. In an exchange of remarks he said that it sends chills up and down his spine when the Labor Party makes overtures to the Center Party from time to time when he thinks of the negative attitude the opposition party usually displays toward the government coalition parties. Buttedahl also said that there was something forced about the opposition's effort to interpret the current government's parliamentary base.

Issue-to-Issue Cooperation

Finance Committee chairman Anders Talleraas (Conservative) emphasized that it was the Conservative Party, the Christian People's Party and the Center Party in addition to the Progressive Party that had formed a majority by approving the budget for the coming year. "As Storting ends the debate on the national budget for 1986 today, it can be noted that in the main the government won support for its budget proposal. The minority government made up of Conservatives and members of the Christian People's Party and the Center Party will continue its issue-to-issue cooperation in Storting. The most important thing in our future work is to stimulate growth so that we can all reach the goals we agree on, namely jobs for everyone and a further development of the welfare state. This calls for broad cooperation both inside and outside of Storting," said Anders Talleraas.

Christian, Center Parties Boosted

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 3

[Article by Morten Malmo and Einar Solvoll: "Christian, Center Parties Hold Key"]

[Text] Labor Party leader Gro Harlem Brundtland says the Christian People's Party and the Center Party hold the key to Norway's political course for the next 3 or 4 years. In yesterday's budget balancing debate in Storting she clearly stated that these parties will bear a heavy responsibility if prosperity is to be distributed more fairly in our society and if there is a rearrangement of the balance between private and public consumption.

After the budget compromise was reached between the government parties and the Progressive Party, people in the Labor Party and SV feel it is obvious that the Progressive Party is part of the government's parliamentary base.

Labor Party spokesmen were really aiming their shots at the Christian People's Party and the Center Party yesterday. The attacks were based on the two parties' reservations about the Progressive Party belonging to the government's parliamentary base.

Gro Harlem Brundtland put it like this: "In the budget recommendation the nonsocialist majority confirmed what we have all known since the election. By continuing as if nothing had happened the government parties took the two Progressive parliamentary representatives on board their ship in Storting. Not until Monday did they abandon their hopeless effort to keep these two representatives out of sight below deck. Then Hagen and the Christmas tree shone as brightly as any of the three other parliamentary leaders."

The deputy leader of the Labor Party, Einar Forde, had little to say about the agreement between the government parties and the Progressives or about future developments: "The last chapter in this saga has not been written, but this budget compromise represents an important chapter. There is no sense in this context in comparing the budget compromise with an issue-to-issue cooperation or a lottery compromise!"

Many Tears?

Arent M. Henriksen, SV's fiscal policy spokesman, also concentrated on the latest budget compromise. He recalled the election campaign when politicians from the Christian People's Party and the Center Party said that they would have nothing to do with Carl I. Hagen.

"Then they moderated their statements. Now they would talk to all parties in Storting. Then came the compromise, after which Buttedahl and Synnes went around denying what has happened. Synnes went so far as to say that without the cooperation with Hagen, which supposedly did not take place or should not have taken place, the national budget would not have been as good as it is now!" said Henriksen. He added: "This is a political confusion on the part of these two parties that will inevitably cause problems for Storting and relations between Storting and the government."

Henriksen also offered some advice to the Christian People's Party and the Center Party: "Make up your mind where you belong in Norwegian politics. Clarify your relationship to the various political divisions. Otherwise the situation will resemble a little-known stanza in a well-known hit from Trondheim: 'I fear there will be many tears and heavy moments.'"

On TV

One of those who has had an opportunity to follow the budget struggle right up to the four-party compromise is the deputy chairman of the Storting Finance Committee, Gunnar Berge (Labor). He referred to the compromise as a political compromise between the government parties and the Progressive Party. Berge also saw how the compromise was presented on TV last Monday and he referred yesterday to what he had seen on the screen: "The actors had noticeably different expressions on their faces. Jan P. Syse and Carl I. Hagen were beaming as brightly as the sun, even if we are in December. Hagen must feel like the man who came in from the cold. Kjell Magne Bondevik did not look happy!"

Concern Over Oil Price Uncertainty

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 3

[Article by Morten Malmo and Einar Solvoll]

[Text] The government is deeply concerned about the future uncertain development of both the exchange rate of the dollar and oil prices. Finance Minister Rolf Presthus said in Storting yesterday that if the exchange rate of the dollar is 7 kroner 4 years from now and oil prices are at the 1985 level, tax revenues from the oil sector in 1989 will be 25 billion kroner compared to 47.5 billion this year. Oil and Energy Minister Kare Kristiansen pointed out that if oil prices fall to $20 a barrel it would probably lead to the scrapping of plans to develop certain oil fields.

As an illustration of how oil prices and the exchange rate of the dollar directly affect the nation's economy, Kristiansen gave this example. With a price decline of $1 per barrel the state loses between 1.5 and 2 billion kroner in revenue! "If the price drops substantially it will have a major impact on revenues and employment," the oil minister continued.

Reserves

Finance Minister Rolf Presthus did not hide the fact that some reserves have been built up to take care of a difficult situation, but in the budget balancing debate he stressed the point in his speech that economic policy in individual years could not vary in line with revenues from the oil sector. In an exchange of remarks after Presthus' speech, Hallvard Bakke of the Labor

Party said that Norway should pay more attention to the OPEC demand for moderation in the production of oil. Presthus replied that it is a serious matter for Norway to cut oil production. He also doubted the effect of such a move since Norway accounts for about 1 percent of the world's oil production. Presthus said--with reference to the uncertainty surrounding oil revenues--that we should not be too ambitious with regard to costly measures.

Banks Reprimanded

Presthus reprimanded the banks with unusual harshness in Storting because lending growth is now too high and he clearly warned that the banks could expect sterner measures on the part of the authorities to moderate growth in lending. He revealed that steps are now being discussed at the Finance Ministry and that the Credit Policy Advisory Council would meet right after New Year's. He also mentioned what he called the banks' very aggressive marketing of new loans and said this: "If this effort is stepped up further there will be little incentive to rob banks in order to get hold of the depositors' money. It will be easier to borrow these funds!"

Budget Stands at 240 Billion

When Finance Minister Rolf Presthus presented his proposal for the 1986 national budget in the middle of October, the bottom line was 237.9 billion kroner. After Storting finished up its balancing of the 1986 budget last night the final amount was 240.7 billion kroner. Of this amount 74 billion kroner will go to national insurance. The budget has grown this fall as a result of the government's proposed supplemental appropriations and the various "additional spending compromises" in Storting.

This is especially true of the compromises on national insurance and on the lottery on the part of the government parties, the Labor Party and SV and the final budget agreement between the government parties and the Progressive Party. This last compromise added 201 million kroner to the government's original proposal, most of which will go to increased children's benefits, highway investments, export measures and to district and local police forces.

Willoch Warned About Hagen

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 2

[Editorial: "Firm Control"]

[Text] Next year's national budget is now assured with the help of the Progressive Party, but at an extra cost of around 1 billion kroner. As Finance Minister Rolf Presthus cautiously pointed out in yesterday's final budget debate in Storting, that is more of a spending increase than is desirable from an economic point of view. But it is part of the picture that the budget compromise arrived at by the four parties making up the nonsocialist majority is much better from a national economic perspective than the Labor Party's alternative.

The Labor Party loudly deplored the fact yesterday that the compromise sets aside a number of interim Storting resolutions on expenditures. Well, of course it does! Before the debate there was agreement across political lines that the cost of shifting majority resolutions involved a fiscal policy that was too expansive. When it came to the point where a decision had to be made the oposition asked that expenditures not be touched anyway. But the socialists had no difficulty in throwing overboard the preliminary agreements on the revenue side that were aimed at financing their own excessive spending plans with the help of new tax increases.

From a nonsocialist point of view the compromise with the Progressive Party saved the economic plan as a whole. Now we must look to the future. The Willoch government cannot base its existence on a supposition that Carl I. Hagen will rescue it every time. The coalition must work with the Progressive Party to decide on a governing model. To borrow an expression from Conservative parliamentary leader Jan P. Syse, there is "little reason to seek out the rocks in the ocean." The task of the majority is to find the channels between the rocks.

The compromise is a good beginning in this respect. The Progressive Party is part of the nonsocialist majority on which the existence of the Willoch government is based, but Hagen's party is not--and never will be--a coalition partner. It is equally clear that when the Labor Party and the Socialist-Left Party oppose the government, they will not have majority support unless they can count on the two Progressive votes.

Of course the middle party spokesmen are right when they say that Storting's final budget vote does not change the parliamentary situation. But it is something new that the same parties have recognized the actual parliamentary situation, if somewhat circuitously. This reluctant realization that "less than half the members of Storting want a socialist government" can provide a good basis for continued nonsocialist rule and a firmer guiding of events than we have seen earlier this fall.

This is not a question of making political concessions that damage anyone's credibility but of realizing that the four parties are "allies in the effort to guarantee a nonsocialist government." On this point we are in wholehearted agreement with Carl I. Hagen. And we have no problem in agreeing with the Labor Party's observation that the middle parties have also chosen sides. There is no reason why they should be ashamed of this.

Progressives' New Spender Image

Oslo AFTENPOSTEN in Norwegian 21 Dec 85 p 3

[Commentary by Lars Hellberg: "Triumph as New Spender Party"]

[Text] The Progressive Party stands out today as a spender party in conflict with its own voters. But with that reservation, Carl I. Hagen has had things both ways in the course of the fall budget debate. The government parties have paid dearly for their lack of political strategy but Hagen's new profile could also turn out to be costly for the Progressive Party.

Hagen and Bjorn Erling Ytterhorn received no written endorsement as part of the Willoch government's parliamentary base. On the other hand, in an effort to avoid putting this in writing the middle parties gave Hagen political concessions worth a total of around 1 billion kroner. In the last few days alone he received extra rewards to the tune of 63 million kroner.

At the same time the reality is clear enough with regard to the government's parliamentary base. The picture of the four parliamentary leaders in front of the Storting Christmas tree was a good illustration of the fact that the Progressive Party is part of the government's parliamentary support system. Next year's national budget will also be settled on the basis of the endorsement of a nonsocialist majority and the Progressive Party is an essential part of that majority.

Costly Words

The cost of the coalition's lack of strategy can be summed up quite simply. Expenditures in the national budget are around a billion kroner higher than they were in the original proposal. As late as last week Hagen was prepared to accept an addition of 138 million kroner to the final budget bill if he received a statement that his party is part of the government's parliamentary base. Monday night he accepted a limit of 201 million kroner, without getting this acknowledgement of reality put down on paper. Words, not to mention letters, are expensive just now.

Costly Triumph?

But Hagen's triumph could also turn out to be costly. In many ways the outlines of the party seem different now than the ones the voters thought they saw in the campaign. What started out in 1973 in the Saga Cinema as Anders Lange's Party, based on big cuts in taxes and public intervention, has become a spender party. Hagen can talk until he is blue in the face about the party having a long list of proposed spending cuts, but the results of the party's effort can be read in next year's national budget. It will not mollify party voters that Hagen can point to the political concessions he received on the spending side of the ledger.

But the government parties should not underestimate Hagen. The Progressive Party is an incalculable factor in Norwegian politics. Hagen has made an effort to transform a protest movement of somewhat random composition into a political party of a more traditional kind. Despite strong protests from his own members he has come a long way in this respect. But in doing so the party has fallen between two stools. It tries to behave like something other than a protest movement, but as a political party it is still an immature teenager who does not inspire great confidence among broad groups of voters.

The party is still a complex mixture of urban liberals and rural populists. Incidentally that is a more elegant version of the words used by many of those who have left the party since the election. They like to call them city idiots and rural fools. This is just mentioned to illustrate the size of the waves in the internal debates. Insults also abounded when Hagen was party secretary for Anders Lange.

Natural Catastrophe

As we all know Lange turned up on the political scene like a natural catastrophe one day in April 12 1/2 years ago. His election manifesto was a series of statements, all of which started off with the words, "We are tired of...." Anders Lange's Party did not sustain itself with its own proposals but counted on the discontent voters felt with the other parties. Hagen was considerably further down the line than Lange when demagogic talent was handed out. On the other hand he proved even then to be a deliberate practitioner of power politics with a captivating dexterity that soon brought him in conflict with the movement's founder.

It is an irony of fate that the party secretary who was later expelled should form the basis of his political career by inheriting Lange's Storting seat. At that time Hagen reported to Storting as the representative of another new party, the Reform Party. His time came when the party with the long name was replaced by the Progressive Party, which also included the Reform Party, in January 1977.

In Ruins

But by then Lange's lifework lay in ruins. In the election that fall every single vote cast for the new party was wasted and most people thought this phenomenon was gone for good. But Hagen rallied the remnants of the party to make the Storting election 4 years later a great personal public relations success. The Progressive Party turned up in Storting with four representatives but in a situation where there was a clear nonsocialist majority the quartet never had any troublesome influence.

But they gained enough attention that the party did very well in the municipal and county elections 2 years later. In the clear cold light of reflection one might ask if the party did not do a little too well for its own good. At any rate the party had more than one representative on several municipal and county councils. The result in many places was that the political explosive force in the often hurriedly assembled groups was unleashed to the fullest extent.

Maximum Effect

The problems on the local level and the lack of cohesiveness on the national level are probably the most important reasons why the party emerged from the election this fall as the big loser. But it must be admitted that so far Hagen has achieved the maximum effect from his swing vote position. He has more problems with his own voters than with the three government parties.

The opinion polls speak clearly. Hagen's triumph in the final budget decision can prove to be a heavy burden for the party. It is also part of the picture that it was the united efforts of the coalition parties that allowed Hagen to have things both ways. If the coalition has learned its lesson it is quite possible that it can neutralize the Progressive Party. If not, things could really go wrong the next time a crossroads is reached.

Brundtland Expects Governing Difficulties

Oslo AFTENPOSTEN in Norwegian 21 Dec 85 p 9

[Text] "Nonsocialist disputes will lead to paralysis in governing the country. The government has been standing still ever since the election, wasting months of time and energy before it reached a budget compromise," said Labor Party leader Gro Harlem Brundtland in a New Year's interview with NTB.

"We are probably headed for a continued difficult and checkered period in Norwegian political history, a period that will be characterized by nonsocialist conflict, reciprocal veto situations on the part of the four nonsocialist parties and a continual tug of war. The government parties are so concerned with landing on their collective feet that they have no time for constructive and future-oriented political thinking. The chaotic and confused situation in Storting also gives a picture of the situation in the government offices," Gro Harlem Brundtland charged.

"The glue that seems to be holding the government together is the election promise to form a nonsocialist government. If the middle parties feel that this promise is overshadowing other specific issues to an inordinate extent, the situation will become impossible. The degree of internal conflict in the Center Party and the Christian People's Party will determine whether the government remains in office," she said.

No Victors

When asked if she felt there were any victors in this year's budget conflict, she replied that it depended on one's point of departure.

"This whole period has been a senseless drama and a waste of effort. A natural reply would be that everyone has lost because the nonsocialist parties have been floating up in the air without contact with the ground. The middle parties have floated the highest because they have tried to the best of their ability to forget the existence of Carl I. Hagen. Now that everyone has come down to earth the fall was probably the greatest for the middle parties. The most surprising aspect is that Prime Minister Willoch took their part for so long," she said.

Sobriety

The Labor Party leader now hopes there will be some sobriety on the part of the nonsocialists. "Until today the nonsocialists have not grasped the real situation but have tried to define themselves away from reality."

Gro Harlem Brundtland thought it was very significant that AFTENPOSTEN had clearly pointed out that this is a nonsocialist majority made up of four parties and that the attempt to make the minority into a scapegoat has been unsuccessful.

"It is not credible to say that the minority is to blame because the government did not assure itself of majority support for its budget. The 80 nonsocialist representatives can help to establish proper and orderly conditions in Storting so that we can hold real political discussions once more."

Debate on Freedom

But the opposition leader is concerned with other matters in addition to the conduct of the government parties. Work has already started on the 1987 municipal elections and the 1989 Storting election.

"It is in the local party organizations that we are laying the foundation for election victories in both 1987 and 1989. Although work in Storting is important it must not be allowed to dominate the party's activity," she said.

The party organizations will be involved in a discussion of the kind of society we want. "The debate on freedom will be a rallying point in this offensive. Here we will start a process that can create involvement by ordinary people in matters that affect their own future. We must listen to a greater extent to the wishes and ideas of ordinary people. It is important to move forward. Conflicts in Storting often have a perspective that is too shortsighted. A year between elections should be used for long-range thinking," said the leader of the Labor Party.

Syse Engineered Compromise

Oslo AFTENPOSTEN in Norwegian 21 Dec 85 p 10

[Article by Einar Solvoll: "Syse Often Has to Count to Ten"]

[Text] Jan P. Syse is the man who saved the nonsocialist budget compromise and along with it the existence of the Willoch government--without making anyone lose face. On the TV screen he may seem a little academic and remote but people who have met him--if only for a few minutes--are easily infected with his optimism and enthusiasm. Following the fall election he has played a key role in Storting. Personally he thrives when dramatic situations build up and problems emerge.

"I am probably a typical product of Norwegian Puritanism and I have a guilty conscience when I feel good 3 days in a row. That may be why I do so well in this kind of situation," he says.

Jan P. Syse exemplifies patience. "If I pound on the table it is after considered reflection. Angry feelings and temperament must be under control. But there are times when I have to count to 10 to convince myself that I am dealing with a nice person. This is something that all negotiators are familiar with," said Jan P. Syse.

As deputy representative to Storting and prospective chairman of the Oslo branch of the Conservative Party, he sat in the Storting restaurant in the early 1970's and said that his ambition was to have the Conservative Party become the biggest party in the capital. A good many press people must have raised their eyebrows because Oslo had traditionally been a secure Labor bastion. In 1974 Syse was elected--at a time when the Labor Party was ahead by only a little under 5 percent of the votes compared to the Conservative Party. Three years ago he stepped down and by then the Conservatives were 10 percent larger than the Labor Party in the capital.

After the difficult Storting election earlier this fall when the Willoch government declined to a minority government with the Progressive Party casting the deciding votes, Syse was ordered by the prime minister to leave his cabinet post to take over the leadership of the Conservative group in Storting. He did not conceal his bitterness over this transfer and many of the newly-elected Conservative representatives may have expected the new parliamentary leader to vent his discontent from the very beginning. But Syse made his debut at a strategy conference in October with an enthusiastic speech that gave the Conservatives both inspiration and the self-confidence they needed to get started.

This enthusiasm has also infected the coalition parties' representatives all fall and they had been even more pessimistic about the election results. Then finally, in the 11th hour, it also infected Carl I. Hagen's Progressive Party which had driven itself into a "suicide corner" and needed help from other people to get out of its predicament. It is no secret on Lovebakken that it was Jan P. Syse who helped the Progressive Party avoid losing face; not for the party's sake but in order to save the government and ensure majority support for the national budget.

Does he miss the Liberals in Storting?

"No, I don't. We have many Liberals here in Storting but they are all hanging on the wall. The way the party developed it is not so strange that things turned out that way," replied Jan P. Syse.

Does he hope the Progressive Party will meet the same fate in 1989?

"I won't hand out testimonials to parties we have to work with, but I would like to say that if the Progressive Party continues its behavior from this fall it will have big problems in the next election. Most people had formed a certain picture of the party before the election this year and it has surprised many people that the party has voted with the socialists time after time. This may have become too burdensome afer a while and I would not rule out the possibility that this is why the Progressives were willing to enter into a nonsocialist compromise in the end."

Jan P. Syse would not comment in more detail on the Progressive Party's development since the fall election, but political observers could not fail to note that Carl I. Hagen's big ambitions were dashed in September. From a high goal of 15 seats, the party was cut in half instead, going from four to two Storting representatives--although they are in a decisive position. The leaders of the Christian People's Party and the Center Party have not lessened his inferiority complex by remaining aloof from the Progressive Party throughout the fall. Harald Synnes and Johan Buttedahl came close to "passing out" every time a journalist or photographer showed up when Carl I. Hagen was in the vicinity and finally Hagen was willing to create a government crisis so that members of the government parties would recognize him personally and politically.

Syse, as Conservative parliamentary leader, has been more levelheaded and has had no objections to talking with Hagen. Therefore it is not so strange that the names of Hagen and Syse appear under the compromise--on an extremely small piece of paper--that rescued the government.

The Conservative parliamentary leader is 55 years old, the son of a city manager and a dentist. He is a jurist and became active in politics at an early age, including serving as chairman of the Conservative Student Society and Conservative Youth and as member of the Oslo City Council alongside his shipping job with Wilhelm Wilhelmsen's shipping company. At the age of 37 he became assistant deputy director general of the Ministry of Trade and one of the most trusted colleagues of then Trade Minister Kare Willoch. When Willoch left the government and moved to Storting, Syse became undersecretary in the Ministry of Justice.

When Kare Willoch formed his all-Conservative government in 1981, Syse became chairman of the Finance Committee and had an opportunity to try out his ability to steer a minority government's budget through Storting. Two years later the government was expanded with the addition of the two middle parties. It became a majority government. Syse then became minister of industrial affairs, but as soon as Willoch was in the minority again this fall, Syse was ordered back to Storting as leader of the Conservative group.

In Storting Jan P. Syse's office is located next to those of the other coalition party leaders, Harald Synnes and Johan Buttedahl--whom he praises highly for their pleasant and good-humored conduct. Something that others find it harder to see in critical situations. There is a story that makes Syse chuckle. Synnes and Syse were on their way into the Storting hall and Syse was stopped by two people in a row who wanted him to take on new jobs. Synnesthen remarked with reference to William Gladstone that "he was such a master at saying no that in the end his name inevitably came up in connection with every office." The Conservative leader said in the spirit of Gladstone that at the moment he was definitely not on the lookout for any new posts.

In Storting Syse shares a double bench with opposition leader Gro Harlem Brundtland. Is it a cat and dog relationship? "It is clear that it is part of the opposition's job to attack the other side's weaknesses as well as stressing its own strengths," said Syse. "But both of us have enough experience from politics as well as from academic life so that we are able to distinguish between issues and personalities. I assume we both have the ability to 'snipe' at each other's political standpoints from the rostrum without tearing each other's hair out down on the bench," he said.

The fall's test of strenth, the national budget, has been a test of patience for many people. "I have spent far too little time at home," said Syse. "It is a strange job. One goes from 8 in the morning to almost 11 at night and is so busy all the time. But it is not always easy to say what one has done. The whole thing is a mixture of creating policy, acting as spiritual adviser, taking care of details and getting things to run smoothly."

He consoles himself with the words of wisdom that are inscribed over one of the doors to the Danish Folketing: "God tempers the wind to the shorn lamb." "That can be a consolation for those who got clipped this fall. Everyone had to put up with this experience."

Another inscription goes: "A crowing cock does not always signal a new dawn."

What does the Conservative parliamentary leader do in his spare time? "When Storting is in session there is not much opportunity to relax, but the rest of the time I do what most people do. We have arranged things sensibly here in Oslo with only a flower box on a balcony. But I love to dig in the ground and build onto and fix up our cottage in Notteroy. Cleaning house or washing the dishes are also good ways to relax," said Jan P. Syse who will take time off over the New Year's holiday for a trip south with his wife and two sons.

"I'm really looking forward to Christmas. We start off Christmas Eve with a meal of boiled cod, a tradition that I as an immigrant to Oslo from Vestland via Sorland and Notteroy have brought with me. With beer and Aquavit to drink for those who want it. Line Aquavit, brought across the equator on a Wilhelmsen ship, is what it must be. That is high quality down to the last drop," said this fall's new leader of the Conservative group in Storting.

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POLITICAL PORTUGAL

PINTASILGO CANDIDACY STILL CONSIDERED STRONG

Why Eanes Withheld Support

Lisbon O DIABO in Portuguese 19 Nov 85 p 2

[Article by Jose Miguel Judice]

[Text] With his endorsement of Salgado Zenha, President Ramalho Eanes ended the long agony of deciding on his choice to succeed him. His preference was certainly not Zenha, but Costa Bras (and before that, Garcia dos Santos, who turned down the "invitation"), but the president made the possible choice. Many words have been written to explain the president's choice and whether it was reasonable or justifiable, but I do not believe anyone has addressed the critical question which must precede the others: why Eanes did not support Maria de Lourdes Pintasilgo.

There is obviously an official explanation for withholding that support: the candidate was advancing, she was establishing herself and did not bother to seek the presidential sponsorship or blessing, thereby committing a real act of sedition. This is a possible explanation but an improbable one. One might concede that this would justify a certain coolness, some distancing, a certain reticence for a few months. But what heights of megalomania, what depths of dynastic zeal would have to exist in the pale and enigmatic general to make this sufficient explanation to justify the continuing search for a candidate and the absolute and unequivocal refusal to even consider the possibility of supporting the individual he had once selected as prime minister?

The truth must lie elsewhere, even if it might appear to be here. To find the truth, one must bear in mind that there would be every justification for supporting Maria de Lurdes Pintasilgo. In the first place, as a presidential candidate, she was a creation of Eanes: without the notoriety resulting from having been selected as prime minister, her candidacy would never even have been a consideration. In the second place, there is the possibility of success. I can say in all sincerity: with the support of Ramalho Eanes, Maria de Lurdes Pintasilgo could hardly have lost the presidential election, which is certainly a solid argument to justify that support.

In the third place, there is the factor of the ideological similarity. Maria de Lurdes Pintasilgo speaks of ideas which are similar to many of those which appear in learned articles by the president. In the fourth place, there is the nature of the candidacy: independent of the parties, within the Christian cultural framework of Portugal, supported by the Left, but unequivocally the non-Communist Left. None of this--which is saying quite a lot, almost everything--was enough for the president to declare his support. So why didn't the pale and enigmatic president support Pintasilgo?

I believe there were three relevant reasons. The first one is that Ramalho Eanes, who knows his former prime minister and advisor very well, does not think she is capable of assuming the presidential office, whether or not he still believes she was capable of handling the job of prime minister, to which the president named her 6 years ago.

The second reason is that Ramalho Eanes never believed that Pintasilgo's popularity would stand up to time as election day drew nearer and, when he realized that it would, it was already so late that his support would have seemed like a capitulation to the candidate.

The third reason is that the Communist Party was never willing to consider the possibility of Pintasilgo (although, prudently, it did not antagonize her until it had an alternative in sight) and Ramalho Eanes, for reasons which would allow for various explanations or theories, never wanted any direct clash with the PCP; indeed, he preferred to cooperate with the party. Even in 1976 (it is obvious now), the Octavio Pato candidacy was a form of support by the PCP for Ramalho Eanes, since a serious candidate could have constituted an alternative to Eanes on the Left and this is what the PCP--for whatever reason--has sought to avoid for 10 years running.

These three reasons are there and, together, they played a part in the president's refusal to support Pintasilgo. A fourth reason will be pointed out by others: the fact that Pintasilgo could be considered incapable of creating consensus among the parties on the Left--but this is not a serious reason. If this were actually a reason, Ramalho Eanes could never support Salgado Zenha, who is a bombshell for the PS [Socialist Party]. Or could it be that the historical and political mission of Ramalho Eanes is, as Sa Carneiro thought and Mario Soares and Freitas do Amaral still believe, to disorganize, disrupt, perhaps destroy the political parties that have formed to the right of the PCP, particularly the PS and the PSD [Social Democratic Party]? Isn't it obvious that if Maria de Lurdes Pintasilgo won the presidency, the greatest damage would be done to the PCP?

PCP Seen on 'War Path'

Lisbon TEMPO in Portuguese 22-28 Nov 85 p 10

[Commentary by R.F.]

[Text] Communist Party [PCP] and Democratic Renewal Party [PRD] members have launched an all-out war against Lurdes Pintasilgo's candidacy. While Cunhal and the top leaders of the PCP Central Committee are going around meeting with party militants to prevent any flight of votes to a candidacy considered rebellious and rash, the Renewal members are leaking reports about surveys which indicate that, among those who voted with the PRD on 6 October, support for Pintasilgo has declined significantly.

The primary aim of the two parties backing Zenha is to persuade Pintasilgo to withdraw from the presidential race, which would allow a significant concentration of votes on a candidate to lead a future "Popular Front," capable of installing a "Government of National Salvation," to use the language of the Communists.

Just last Tuesday, in a full session of the parliament, a PRD deputy said he was pleased with the results of a survey which he had received that day and which indicated a 40-percent decline in PRD voters who were leaning toward supporting Pintasilgo.

To bolster the idea that Pintasilgo's candidacy is rapidly losing steam, the PRD leader stressed that this poll was conducted before the public announcement of Eanes' letter of support to Salgado Zenha, which millions of people saw on television.

The PCP support and the growing support by PRD voters for Zenha's candidacy has significantly heightened the optimism of the PRD leaders.

In quick and sure counts, the PRD points to a vote of about 30 percent for Zenha in the first round, with about 40 percent for Freitas [do Amaral] and 15 percent for both Mario Soares and Lurdes Pintasilgo.

Regarding the second round, the PRD is confident that it will pick up the votes which went to Soares in the first round. "We are sure that the PS [Socialist Party] will support Zenha in the second round, particularly because, after Soares is defeated, the Socialist leadership will certainly be different from the present leadership," a PRD leader told us.

Certain of winning the presidential election, the PRD is now thinking about taking over the executive branch. After the second National Convention, planned for April or May, the PRD could bring down the current Cavaco Silva government.

The abstentions of today, which enabled passage of the program of the 10th Constitutional Government in the Assembly of the Republic, could turn into fierce opposition in the spring of 1986. Bolstered by Zenha's victory in the presidential election, the PRD would like to see the Front which has now been established with the PCP win the legislative elections next year.

However, when they talk about the PCP and the Communist support for Zenha, the Renewal members hope that Alvaro Cunhal will play down that support until election day, campaigning with the same moderation that the Communists used in 1980 to reelect Eanes.

Poll Shows Popularity Drop

Lisbon SEMANARIO in Portuguese 23 Nov 85 p 3

[Commentary by L.G.]

[Text] The results of the NORMA/SEMANARIO survey, conducted in Lisbon, Porto, Coimbra, Evora, Vila Real and Viseu on 20 October [as published] (hence only 3 days ago), constitute a real bombshell.

They reveal, on one hand, that Diogo Freitas do Amaral makes a sweep of the Right, with values never before achieved throughout recent months.

At the same time, Francisco Salgado Zenha took 16.3 percent of the votes, less than 1 week after he announced his candidacy and the day after his first television interview.

These figures point to something which few would have expected: the second round of the presidential election might well be between Freitas do Amaral and Salgado Zenha.

Diogo Freitas do Amaral leads the current poll, with 38.7 percent of the votes and with similar and strong support in all the cities in which the poll was conducted.

He succeeded in capturing almost the 40 percent which the PSD [Social Democratic Party] plus the CDS [Social Democratic Center Party] won in the 6 October elections, and it is also observed that most of those who are still undecided are not a part of that electorate. Moreover, support for Freitas has risen from 22.8 percent to 38.7 percent, which is spectacular, considering that the first figure was from the poll conducted between 9 and 17 October--a sign that the PSD supports him as a block and that his primary campaign has been a success.

There is only one dark cloud, although it is important. There are no signs to date that Freitas do Amaral is picking up any votes on the left.

Pintasilgo: Big Loser

Maria de Lourdes Pintasilgo is the big loser in this poll. She has gone from 35.7 percent to 22.3 percent in about 1 month, losing 13.1 percent in Lisbon, 14.4 percent in Porto, 30 percent in Evora, 5.7 percent in Vila Real and 3.3 percent in Viseu. She held on in Coimbra. This means she has lost strength in areas with a heavy concentration of PCP voters, rather than in conservative areas.

Moreover, Maria de Lourdes Pintasilgo lost support among both sexes, in all age groups (primarily the youngest voters) and in all the socioeconomic classes (A, B and C) except one (she maintained her strength in Class D).

Lourdes Pintasilgo has a titanic battle ahead of her, to prevent the flight of PRD and PCP voters who, along with some (a few) PS voters, are still undecided: 11.3 percent, as against 9.3 percent in October.

But the times are not propitious for her; this is troubling for the candidate and for the Right, which until now has seen Pintasilgo as a strong "buffer" against the candidate to be officially supported by the PCP and by Eanes.

Soares: Disaster

The poll "wipes out" Mario Soares. He went from 19.6 percent in October to 8.3 percent, a loss of 11.3 percent, or over half his intended supporters.

Soares has lost 10.5 percent in Lisbon, 14.6 percent in Porto, 5.9 percent in Coimbra, 11.5 percent in Evora, 24 percent in Vila Real and 2.3 percent in Viseu.

The lost votes were transferred particularly to Francisco Salgado Zenha (who picked up some 8 percent) and then to the undecided column (from 1 percent to 2 percent).

Thus Mario Soares would appear to be totally eliminated from the second round if the election were held today.

Zenha: Straight Arrow

Francisco Zalgado Zenha appears with 16.3 percent of the votes and a consistently strong position in all the cities polled.

He took about 8 percent of the Socialist vote and 8 percent of Pintasilgo's votes, probably Communist votes.

Thus, the remaining 5 percent which Pintasilgo dropped went to the undecided column.

Less than a week into his campaign (and before General and Mrs Eanes made their appearance in force), Zenha has shown he has the 15 percent which Soares was averaging in surveys during the last year, and half of this without any great difficulty. He has also shown he can attract the Communist voters even before the PCP has given its final stamp of approval.

He does not yet have the PRD voters who are still holding out for Pintasilgo or are prisoners of indecision.

Given this picture, the 6 percent which separates Zenha from Pintasilgo does not seem to stand very much in the way of Zenha's hopes of reaching the second round.

Undecided--From Right to Left

In October, 9.3 percent of the respondents were undecided and 6.7 percent would not vote for any of the candidates presented then. Oddly, the majority of this 14 percent were situated on the Right, in the area of the PSD, as demonstrated by the large number of undecided in the more conservative cities (Viseu and Vila Real).

Diogo Freitas do Amaral picked up more than 10 percent in this area (and another 2.8 percent which had supported Lemos Ferreira in the October survey).

Meanwhile, Soares lost 3 percent to the undecided column and Pintasilgo lost about 6 percent to it.

Thus, 11.3 percent are now undecided and 1.2 percent would not vote for any of the candidates named.

It is important to note that those who rejected all the current candidates declined from 6.7 percent to 1.2 percent, and there was a decline from 3.1 percent to 1.4 percent among those who had no response.

This means that the electorate is highly motivated to vote and has just about settled for this list of candidates.

Possible Developments

Freitas do Amaral is secure for the first round, since he should win at least 35 percent and is clearly coming close to the 40 percent who voted on the Right in the legislative elections. Mario Soares is showing no sign of any noticeable gains and it is unlikely that he will exceed the 15 percent won in previous polls, if he can achieve even that.

This leaves about 45 percent--if not more--to be divided between Lourdes Pintasilgo and Salgado Zenha.

Pintasilgo will have to defend herself from the ongoing erosion and Zenha need only maintain the trend seen now.

Regarding the second round, from all indications, Mario Soares will not be the one to face Diogo Freitas do Amaral.

If it is Lourdes Pintasilgo against Amaral, it is quite possible that Amaral will go after the Mario Soares electorate; he will need 12 percent of it to win the election.

If it is Salgado Zenha, the problem is more difficult, because that 12 percent is part of a party electorate which is closer to Zenha than to Pintasilgo. It is among this electorate that the current survey is already revealing major advances by the recently-announced candidate.

To summarize: Freitas do Amaral can rest easy for the first round, but it will be a critical round for Pintasilgo and Zenha.

The second round will be very troublesome for Freitas do Amaral, and apparently easier for Salgado Zenha than for Maria de Lourdes Pintasilgo.

In any event, the election will be almost certain disaster for Mario Soares--and what a disaster!

Table 1: Results of Presidential Election Poll in Six Cities

Candidate	Total	Lisbon	Porto	Coimbra	Evora	Vila Real	Viseu
Freitas do Amaral	38.7	37.3	42.1	39.7	29.5	48.0	52.0
Mario Soares	8.3	5.6	15.6	7.9	5.5	10.6	9.7
M.L. Pintasilgo	22.8	25.0	18.5	20.4	23.9	9.4	16.1
Salgado Zenha	16.3	16.4	15.4	22.4	15.5	11.9	7.4
Undecided	11.3	14.5	3.4	8.0	13.1	13.2	8.4
None of these	1.2	-	2.9	.8	11.4	2.7	6.3
No response	1.4	1.3	2.0	.7	1.2	4.1	-

Table 2: Results of Presidential Election Poll by Sex, Age and Socioeconomic Class

Candidate	Total	Sex		Age		Socioeconomic Class		
		M	F	18-44	45+	Upper	Middle	Lower
Amaral	38.7	39.6	37.8	36.2	41.0	57.4	33.0	7.5
Soares	8.3	9.0	7.6	8.0	8.6	4.7	10.3	4.5
Pintasilgo	22.3	14.8	30.1	21.5	24.0	7.1	23.9	86.9
Zenha	16.3	22.0	11.1	16.4	16.1	12.0	19.3	.2
Undecided	11.3	12.1	10.5	14.7	8.1	16.4	9.9	.9
None of these	1.2	1.4	1.1	1.9	.7	2.3	.9	-
No response	1.4	1.1	1.7	1.3	1.5	-	2.2	-

Technical Note.

Universe: Residents over 18 years of age in Lisbon, Porto, Coimbra, Evora, Vila Real and Viseu. Sample: a total of 613 individuals were interviewed. Sample selection: by the random route method for household and the Kish method for individual within household. Technique: direct and personal interview with a structured questionnaire at the respondent's residence. Field work: interviews were conducted on 20 October [as published]. Margin of error: plus or minus 4 percent with a confidence interval of 95 percent where p = 50 percent. Responsible institution: the survey was conducted by NORMA, Inc, Portuguese affiliate of Gallup International.

[Translator's note: All the references in the body of the article would seem to indicate that the survey was conducted on 20 November, not 20 October.]

Pintasilgo Seen 'Ideal Candidate'

Lisbon O JORNAL in Portuguese 22-28 Nov 85 p 2

[Text] Maria de Lourdes Pintasilgo's profile is thought to approximate most closely the ideal in a president of the republic, reveals a MARKTEST survey conducted for O JORNAL.

> According to this poll, the former prime minister's only shortcoming is with regard to international prestige, in which she falls far behind Soares and also Freitas do Amaral.

However, all the candidates are still far from having the profile desired by the Portuguese people, specifically in the values which the latter consider the most important, such as "competence" and "honesty." Even so, Pintasilgo comes closest to the values considered ideal.

Freitas do Amaral has the second best profile and is behind Soares only with regard to "international prestige," the only quality in which Amaral himself surpasses Pintasilgo. Otherwise, Freitas do Amaral's best attribute is "firmness," followed by "competence" and "decision-making capacity."

Mario Soares surpasses his competitors only with regard to international prestige. The attributes which lend themselves most to the ideal, in addition to international prestige, are "firmness," "decisiveness" and, obviously, "warmth," a quality noted positively in each of the candidates.

Pintasilgo's great trump cards are "warmth," the ability to"listen to the Portuguese " and "honesty." However, regarding such traits as "competence" and the "ability to make the country work," she also takes the laurels away from her competitors.

The voters think the most important traits in a presidential candidate are "competence," followed by "honesty," "defense of social justice," "capacity to make the country function" and "decisiveness." The least important aspects are "warmth," "the ability to rise above party politics" and "international prestige."

Still Preferred by PRD

Lisbon EXPRESSO in Portuguese 16 Nov 85 p 24

[Text] Lourdes Pintasilgo is, by a wide margin, the preferred presidential candidate of the PRD [Democratic Renewal Party] electorate, but Salgado Zenha has already emerged in second place, according to a survey conducted among voters on the EXPRESSO/Euroexpansao panel. The survey covered only voters who declared they had voted for the PRD in the last elections; it was conducted on Monday, 9 November, hence before Salgado Zenha had formally announced his candidacy.

This explains why his name was never mentioned spontaneously by the respondents, whereas they mentioned other candidates who are not even in the area of the PRD. This was the case with Freitas do Amaral, for whom 9.1 percent of the respondents said they would vote. Pintasilgo was mentioned most in spontaneous responses, by 24.5 percent of the respondents, and Garcia dos Santos was mentioned third (with only 1 percent). Some 65.4 percent of those interviewed responded that they were still undecided or were not going to vote.

That percentage declined notably when the respondents were presented with four alternative names: Almeida e Costa, Garcia dos Santos, Lourdes Pintasilgo and Salgado Zenha.

It was here that the former prime minister received the best "score": 46.6 percent. Zenha, the second most cited name, was well behind (13.8 percent), whereas both Almeida e Costa and Garcia dos Santos received only a residual 1 percent and 3.8 percent, respectively.

The aborted candidacy of Costa Braz was also examined in this survey: 46.9 percent of the respondents said they had gone along with Ramalho Eanes in his support of Costa Braz; 4.6 percent disagreed with that support and 28.5 percent had no opinion. (The survey was conducted by 21 interviewers, under supervision, among 102 PRD voters who are included in the EXPRESSO-Euroexpansao panel.)

Women Polled

Lisbon EXPRESSO in Portuguese 23 Nov 85 pp 1,5

[Text] At this moment Lourdes Pintasilgo has the overwhelming support of 93 percent of the female voters of the APU [United People's Alliance], according to a survey of voters included in the EXPRESSO-Euroexpansao panel, conducted this week (19, 20 and 21 November), hence after Alvaro Cunhal, Angelo Veloso and other Communist leaders had implied in public statements that the PCP was going to support the candidacy of Salgado Zenha.

Freitas do Amaral (36 percent) and Pintasilgo (34 percent) were clearly favored among female voters, who were the exclusive subjects of this survey. Mario Soares was in third place, with only one-third of the "score" of the first two (12.3 percent) and Salgado Zenha came in last, with a modest 5.4 percent, despite the fact that the interviews were conducted on 20 and 21 November, thus after his first major television appearance on the Margarida Marante program last Tuesday.

Unlike Lourdes Pintasilgo, whose major support came from urban voters under 45 years of age, Freitas do Amaral's female support is concentrated in rural areas and among older women.

Asked to state their specific opinion of the former prime minister's candidacy, the respondents who supported Lourdes Pintasilgo mentioned her "warmth" (27 percent), her "experience in government" (26 percent) and the "confidence" which she inspires (22 percent) as the principal factors determining their preference for her. Only 16 percent mentioned the fact that she was a woman as a decisive factor and those who did thought that a woman would be a good president of the republic for two basic reasons: a woman is more sensitive to social problems (43 percent) and a woman is as capable as a man (42 percent).

The women who do not support Pintasilgo offered the following reasons: 40 percent prefer another candidate and 21 percent are not sympathetic to Pintasilgo or her ideology. Only 5 percent said that PCP support was a factor in their rejection of Pintasilgo and, oddly enough, 16 percent of the female voters would not vote for her because she was a woman. Almost all of these voters (92 percent of them) even thought that Pintasilgo "would not make a good president" purely and simply because she was a woman.

Looking at the way in which the voters from each party (according to how they voted on 6 October) are divided among the various candidates, it is seen that Mario Soares took only about half of the Socialists (40 percent) and managed to pick up some female votes from the PSD [Social Democratic Party] (7 percent) and the APU (7 percent).

Aside from the massive support of the female APU voters, Pintasilgo is also received very sympathetically among female voters in the PRD [Democratic Renewal Party] (63 percent) and the PS [Socialist Party] (30 percent). The former Christian Democratic leader [Freitas do Amaral] has the support of almost all the female Centrists [Social Democratic Center Party] and the PSD (82 percent) and Salgado Zenha has his strongest support among the female PRD and PS voters (19 percent and 6 percent, respectively).

Another item included in the survey revealed voting trends among female voters who said they had not yet decided among the various candidates. As shown in the table, Freitas do Amaral is clearly in the strongest position at the outset, with 25.4 percent of the female voters who have already decided, and he adds about 11 percent to his "score" with the undecided who are "thinking of voting" for him (3.8 percent) or who are "more sympathetic" to him (7.1 percent).

Both Pintasilgo and Zenha depend on the votes of the undecided for more than half their total support (19.2 percent of the 33.5 percent in Pintasilgo's column and 4.4 percent of the 5.4 percent in Zenha's case). The ratio is more balanced in Mario Soares' case.

The interviews in this survey were conducted by 16 interviewers (under supervision) among 250 women included in the EXPRESSO-Euroexpansao panel, representing the mainland female electorate.

Table : Voter Preferences Among the Female Electorate (in percentages)

Candidate	Total	Already Decided		Thinking of Voting For:		Most Sympathetic To:
Freitas	36.1	25.2	+	3.8	+	7.1
Pintasilgo	33.5	14.3	+	5.7	+	13.5
Soares	12.3	7.2	+	1.9	+	3.2
Zenha	5.4	1.0	+	1.3	+	3.1
Undecided	12.7	52.3	=	39.6	+	12.7

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POLITICAL PORTUGAL

SALGADO ZENHA CANDIDACY VIEWED FROM VARIOUS PERSPECTIVES

Candidacy Seen Ambiguous

Lisbon EXPRESSO in Portuguese 16 Nov 85 p 3

[Article by Jose Antonio Saraiva]

[Text] Salgado Zenha's candidacy rests on several "ambiguous situations" which will probably never be clarified.

The first problem is this: Does Ramalhao Eanes support Zenha out of conviction or simply because he considers it a "moral obligation"?

The question is raised because, in deciding to run for the presidency, Salgado Zenha placed Eanes in an extremely difficult situation.

It is known that the figure of Salgado Zenha merits particular "respect" and "consideration" from the president of the republic, such that Eanes could never withhold his support if it were requested.

But can it be said that the president "desired" this candidacy?

It is difficult to say yes.

At least one thing is certain: the man whom the current president of the republic would most like to see in Belem Palace was Col Costa Braz.

Meanwhile, it is curious that the "ambiguous situation" which will certainly lead Ramalho Eanes to support Salgado Zenha (with more or less conviction) could also lead to another, no less "ambiguous" situation.

We are referring to the probable endorsement by the PRD [Democratic Renewal Party] of the candidacy of the former Socialist leader.

Even here, we could ask: Will the Renewal members be convinced that Zenha will be the best candidate?

The answer is no.

On one hand, there are too many Pintasilgo supporters in the PRD for the announcement of Zenha's candidacy to have been received with general enthusiasm.

On the other hand, there is the fact that the party's advisory council (which includes some of the "historical" and most influential names in the Eanist movement, such as Adelino da Palma Carlos, Miguel Caetano, Jose Rabaca and Joao Botequilha) presented their joint resignations after Costa Braz had withdrawn and before Salgado Zenha had become a candidate.

Well, this means that those individuals disagreed over the behavior of the PRD with regard to Costa Braz and they are not now prepared to approve party support for Salgado Zenha.

But if the candidacy of the former PS [Socialist Party] militant rests on a series of uncertainties, is he doomed to defeat?

Can we say that Zenha has already lost?

Obviously, we cannot say this.

Zenha is, at the outset, in the first round, sure to have some votes from the Communist Party and some votes from the PRD, which could be enough to get him to the second round.

What can be said, immediately, is that if Salgado Zenha is elected, he will always be a weak president.

--First, because he cannot hope for major support for his actions as president of the republic from the PRD, which, as recent events have shown, is far from being an organized party with solid structures.

--Second, because he himself would not wish for too much support from the only cohesive force which will back his candidacy: the Portuguese Communist Party [PCP].

So what is left to him?

--The backing of the Portuguese electorate?

Again, no.

The portion of the electorate which will vote for him will not do so with any great conviction.

In fact, most of the voters who decide to vote for Salgado Zenha will not do it for his sake, but out of a disciplined response to the voting instructions of the PRD and PCP leadership.

Reasons for PCP Support

Lisbon EXPRESSO in Portuguese 23 Nov 85 p 3

[Article by Jose Antonio Saraiva]

[Excerpts] Many people are asking themselves why the PCP is going to support Salgado Zenha.

Why is the PCP going to back a candidate who, not too many years ago, led the fight against having a sole union--which the Communists defended as a "life or death" issue?

Why is the PCP going to support a candidate who, in 1975, was one of the principal adversaries of the presence of Communists in the state apparatus?

What leads the PCP to support Zenha--which could have major consequences--has to do with the fact that, for the first time since 25 November, there is a possibility that the Communist Party could defeat the Socialist Party.

Let us see.

Salgado Zenha's candidacy, for which the principal support will come from the PCP and the PRD, represents the most formidable attack to date against the PS.

In fact, if Zenha defeats Soares (which will mean a victory for the PCP-PRD alliance over the Socialist Party), the PS will be in the worst situation ever and will be forced to negotiate with other parties, in an even weaker position, for any eventual return to the arena of power.

Now the question is: If this is the prospect, why did Zenha agree to run?

How can Zenha, who still calls himself a Socialist, be the spearhead for a project that is aimed, in the end, at putting down the Socialist Party?

The reply could be this: Salgado Zenha may think that, once he is elected president of the republic, he will be in a position to sponsor a grand alliance among Socialists, Eanists and even some Communists, with the goal of accomplishing the "historic mission" of the Left: to overthrow the Right.

The problem is that this will be difficult to achieve.

If the PCP and the PRD win the presidential election, they will not be able to pass up the opportunity to reduce the PS to a minor party.

And the fact is that, having been defeated successively in the legislative and presidential elections, the Socialist Party will not have the energy or the trump cards to make any great demands.

The PS will be left with the choice of one of two alternatives: either to retreat to the solitary position of a defeated party, to wait for better days, or to negotiate with the Eanists (under the watchful eye of the PCP) to join a government in which the PS will always be the minority party.

For all these reasons, the Communist Party supports Salgado Zenha.

The opportunity for which the Communists have waited patiently for many years has finally arrived: the chance to defeat the PS and Dr Mario Soares at one stroke.

Support From PRD Majority

Lisbon O JORNAL in Portuguese 29 Nov - 5 Dec 85 p 7

> [Excerpts] At this moment, about two-thirds of the PRD electorate would support the candidacy of Salgado Zenha over that of Lourdes Pintasilgo, O JORNAL has learned from the high official of the Renewal Party, based on surveys conducted by the party's Office of Studies.

The presidential issue was the focal point of the meeting of the PRD National Council last weekend in a Vimeiro hotel. Contrary to what came to be rumored, the discussion of support for Zenha was peaceful. Eanes' decision to support the former Socialist leader "was a weighty factor," acknowledged Herminio Martinho, who, as leader of the party, offered a motion before the National Council in support of the former Socialist militant.

Polls of the Office of Studies

Carlos Lilaia is a member of the Directive Commission of the PRD Office of Studies and an official of the Damiao Institute of Gois (the office in support of Eanes, in which the first documents were drafted leading to the creation of a new party, embodied in the PRD). At the request of the Office of Studies, on 16 and 17 November Lilaia conducted a poll regarding the presidential elections. He selected three typical parishes (Pena, Bombarral and Piranhos) and some other atypical ones (Cartaxa, Amora and Oliveira do Sao Mateus, in Famalicao). In general, the survey revealed that, in a seond round, Pintasilgo and, particularly, Penha would defeat Freitas do Amaral, who is assured of making it to the second round, no matter who the other candidates may be.

In a first round, the results would be as follows:

Freitas do Amaral, 38.2 percent; Salgado Zenha, 25.4 percent; Mario Soares, 17.2 percent; and Maria de Lourdes Pintasilgo, 19.2 percent.

For the second round, three hypotheses were presented. In the first of these, Freitas do Amaral would receive 49.6 percent of the votes and Maria de Lourdes Pintasilgo would receive 50.4 percent, with 20.1 percent abstentions. In the second hypothesis, Freitas do Amaral would receive 46.3 percent and Salgado Zenha would receive 53.7 percent, with about 17.4 percent abstaining. In the third hypothesis, Freitas do Amaral would receive 57.9 percent of the vote and Mario Soares would take 42.1 percent; the abstentions would mount to 32.6 percent.

Eanes Support: Serious Error

Lisbon O DIABO in Portuguese 26 Nov 85 p 2

[Excerpt] Francisco Salgado Zenha has been the chosen messiah for the democratic "convergence" of the Communist Party and Gen Ranalho Eanes. On the eve of his departure from Belem and following the resounding but fleeting success of "Operation PRD," the president of the republic has made a serious error in committing himself openly to Salgado Zenha's candidacy, an action that may have been fated, but was still an error.

1. In the first place, the candidate has little to recommend him from the standpoint of civil liberties. Anyone with a memory will recall that, in October 1974, when the Portuguese prisons were overflowing with prisoners whose guilt had never been proved and hundreds of thousands of people were taking to the hills and COPCON [Continental Operations Command] and the exuberant Left were making law, Dr Salgado Zenha was justice minister for good old Brig Gen Vasco Goncalves. Serene and undismayed, Dr Zenha declared, with that delicious Phariseeism of the old leftist of good conscience, that in Portugal "there were no political prisoners"--and he set about releasing common [criminals], to add to our tranquility.

2. In the second place, in supporting Zenha, General Eanes not only ceased to be the "mediator" but appeared to be hand in glove with the Communist Party, which is no longer in a position of strength, as it was, for example, in 1980, when Eanes was reelected with PCP votes, but in a position of quasi-parity, because the 15.5 percent of the PCP rounds out the 18 percent from the PRD. The latter, incidentally, may not be willing to go along with him in this.

3. Finally, because Zenha, despite so much solicitude and assistance, might not make it to the second round, considering his lack of charisma and the fact that he does not inspire enthusiasm and seems almost uncomfortable at having taken on the candidacy against Mario Soares and the PS, which has remained loyal to him.

Candidacy Favors PCP Strategy

Lisbon SEMANARIO in Portuguese 23 Nov 85 p 6

[Article by Marcelo Rebelo de sousa]

[Excerpts] The subconscious has reasons which reason cannot fathom, and Dr Salgado Zenha has decided to run for the presidency of the republic.

This startling presidential candidacy could be viewed in several ways.

Sr Francisco Salgado Zenha is a candidate out of spite, resentment, delayed vengeance.

Dr Salgado Zenha has received the support of the current president of the republic and his wife as a last resort, both as a graceful way out of a hopeless situation and as an assertion of strength following the humiliation inflicted on them with regard to the candidacy of Col Costa Braz.

Dr Francisco Salgado Zenha will obviously be supported by the official organization of the Eanist party, despite the inevitable difficulty in winning over some of the party rank and file and much of its electorate, who are still drawn to Eng Maria de Lourdes Pintasilgo.

Finally, the candidacy of Dr Francisco Salgado Zenha--a politician who never advanced to the status of a man of state--is the complete example of how one can be a candidate without the profile for the office he seeks and how, also in terms of presidential elections, Portugal is looking more and more like a Third World country and less and less like Europe. To top it all off, Zenha could win, as today's poll indicates; less than a week into his campaign, he has twice the votes of Dr Soares and almost the same number as Engineer Pintasilgo.

However, these reflections are much less important than the verification that the PCP has seen Dr Francisco Salgado Zenha as its best presidential bet and Dr Francisco Salgado Zenha has, in fact, become the symbol of the Communist strategy in the Portugal of 1985.

Dr Francisco Salgado Zenha is in fact the instrument by which the PCP could accomplish five great ends:

--1. To maintain access to power through the presidency, continuing to have a "friend" in Belem Palace;

--2. To consolidate the gains achieved in the 6 October elections, and to go on to the third phase: the attempt to oust the newly-installed government;

--3. To offset the possible reverses in the area of local government;

--4. To divide and permanently weaken the PS;

--5. To assume the leadership of the Left and thus to achieve a certain national ascendency over the Right, which it would like to see go down.

--Above all, not to give up what it owes to Gen Antonio Ramalho Eanes: the access which it had to power through the narrow doors of Belem Palace.

From 1979 to 1985, the PCP was unable to achieve any appreciable success in the legislative elections. In any case, it was always in the position of a party excluded from the government of Portugal and even from exercising any control over it.

During these long 8 years in the desert, the PCP has had an active voice in outstanding political instances only because its demands, its appeals and its ultimatums have been echoed in Belem Palace.

For better or worse, an effective ally of the president in the recent past, the PCP will stand beside him again and give candidate Zenha some hope of victory, which is not impossible.

A "friend" as chief of state is not to be ignored, and the PCP cannot comfortably afford to lose a privileged spokesman, an attentive guardian, a stubborn defender.

Thus the Communists have everything to gain by adding the presidency of the republic to their victories in the 6 October elections.

Prior to 5 October, the Communists were in a "ghetto," a Left which had been shunted aside, in a narrow and discouraging dead end.

Now the Communists are moving about in the parliament with the freedom of the big fellows, with a surprising ubiquity and a confidence which is astonishing.

Today they are no longer that segment of the Left which does not count in the basic decisions.

They are the PCP, plus the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission] and the PRD.

They wholeheartedly support Dr Salgado Zenha.

What if a victory in the presidential elections came to confirm and strengthen the victories in the legislative elections?

It would be the crowning glory for a strategy, the reward for coherence, the celebration of an auspicious "entente" with Belem.

It would also be the overriding advantage offsetting the reverses that the Communists could experience in the local elections.

If abstentionism does not make the task easier for them, they will suffer serious losses in traditional and important municipios.

What better palliative for the possible pangs of defeat than the presidential campaign of Dr Zenha?

Such reasons would be enough to explain what the PCP thinks of Dr Francisco Zalgado's candidacy.

There are two other reasons, however.

One is the division of the PS, a party which is still bleeding after 6 October.

It was defeated in the elections. It suffered an embarrassing defeat. Traumatized by the public affirmation of that defeat. Confused about strategy. Timid about reorganizing its political leadership, a leadership shared by anti-Eanists and former Eanists, divided between anti-Zenhists and former Zenhists.

If Dr Mario Soares goes down in the first round at the hands of his avenging "brother," it will be a difficult cross to bear for the PS, with a leader who is destroyed but who cannot be disowned, a leadership made up of disciples of the defeated chief and disciples of the former party militant who helped to defeat that chief. And what is even more painful, Doctor Zenha's disciples are and will be fighting for Doctor Soares against Zenha, for the honor of a party which they also made, but with anguish in their soul at waging war against the man who had been the best of all of them for years on end.

The former secretariat does not owe Doctor Soares a tenth of what it owes to Doctor Zenha. Nevertheless, it is going to have to go to battle for the haughty leader, against the firm friend.

Such injustices exist everywhere in politics, but the frequency with which they occur in Portugal is further evidence that nothing is as it should be; everything is corrupted.

But, for the PCP, what an ideal climate to destroy the PS, to sap its base of support, to weaken its influence in the political scene!

Without the PS to bar its way, the PCP stands alone and unfettered on the Portuguese Left.

The Far Left is a grimace [as published]. The MDP/CDE is a repentant vassal. The PRD is a sophisticated mask with some touches of naivete.

Dr Salgado Zenha is the ideal instrument for the sweeping strategy of the PCP. The rest is secondary. It is secondary and the PCP is not going to examine all the petty details when something so basic is at stake.

And if Doctor Zenha is not the ideal candidate, not the military candidate--the perfect successor to General Eanes, not the model so much desired and not to be found?

It does not matter. In Portugal, the game of politics is played with Portuguese. If there is no ideal candidate available, go on to the second line, or the third, or even the fourth. Didn't General Eanes set the example, writing Doctor Zenha a brotherly letter which, surely for lack of time, never reached Col Costa Braz?

Thus it is that the PCP must back--and strongly back--the political tool by the name of Dr Francisco Salgado Zenha.

We could end our little chat here, but that would not be fair to the PCP. It would be minimizing the importance of the party with the most intelligent strategy in Portugal.

Doctor Zenha is the PCP's great wager for Belem, but he is a dangerous gamble.

This is not the PCP's fault; it is Doctor Zenha's.

If he loses, he is not the kind of personality who can be put to much use in the future, one who could hold together a resistance movement, one who shows even half the energy and vigor which characterized him in the past.

If he wins, he is the opposite of the type of politician represented by Eanes. Where one was pale, the other is ruddy. Where one was [illegible], the other is [illegible]. Where one was a firm and serene ally, the other will be imponderable and not easily controlled.

The PCP which pushed Engineer Pintasilgo out the door is pulling Doctor Zenha in by the window. And their most similar trait is neither government experience nor good sense nor serenity.

Well, the PCP will certainly fight hard to put Dr Francisco Zenha in Belem Palace.

--To have a friend in Belem.

--A friend who would be an unpredictable and incontrollable president in the long run. In the beginning, however, what a victory for the Communists!--and what a disaster for Portugal!

MDP Support

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Dec 85 p 2

[Excerpts]The MDP/CDE has, by an overwhelming majority, come out in favor of supporting Dr Salgado Zenha's presidential candidacy, after meetings of the National Council and the National Encounter, held last weekend in Lisbon.

The consensus regarding Salgado Zenha was reached in a meeting chaired by Gilberto Lindim Ramos, with the unanimous approval of all the district delegations in attendance; the only opposition came from four municipal delegations, three of which had no district representation.

In the press conference which followed, Jose Manuel Tengarrinha, president of the MDP/CDE, added that some delegates had previously considered Maria de Lourdes Pintasilgo as the strongest candidate in opposition to the Right, but that, after much thought, they had decided to support Salgado Zenha.

Public Support Rising Rapidly

Lisbon EXPRESSO in Portuguese 23 Nov 85 pp 1, 24

[Text] Although more than 50 percent of the voters in Greater Lisbon felt that Salgado Zenha was not very or not at all convincing in his television appearance on Tuesday, according to an EXPRESSO/Pluriteste survey, the candidate supported by Ramalho Eanes is already in second place in the capital, close behind Freitas do Amaral.

The endorsement of Salgado Zenha's candidacy by the president of the republic was considered important or very important by 55 percent of the respondents, whereas 41.1 percent attributed little importance to this factor.

Young people and female voters were more negative about the television performance of the former Socialist Party militant. Among respondents under 35 years of age, only 34.5 percent felt Zenha had the ability to convince the viewers, as against 45.4 percent of the group over 35 years of age. Zenha received the same support from female respondents (39 percent) as from the males, but only 3.2 percent of the females felt he was extremely convincing, and the rest said he was very convincing, whereas 6.1 percent of the male voters in Greater Lisbon found Zenha extremely convincing.

From the table, it may be concluded that the former Socialist party militant has "raided" 26 percent of those who had planned to vote for Lourdes Pintasilgo, has persuaded 26 percent of Mario Soares' supporters to switch candidates, has chipped away 4.6 percent of Freitas do Amaral's support and has won over 60 percent of those who had been leaning toward Angelo Veloso.

From the party standpoint, Salgado Zenha appears to have captured one-third of the Communist Party voters in the Greater Lisbon area, 30 percent of the PRD voters, 22 percent of those who voted for the PS in the 6 October elections and 2 percent of the PSD [Social Democratic Party] voters; the CDS [Social Democratic Center Party] escaped unscathed.

In addition to the contribution of Ramalho Eanes' endorsement in changing voters' intentions, the candidate's own television speech was well received by 59 percent of the APU [United People's Alliance] voters, 56.8 percent of those who voted for the PRD in October, 20 percent of those who had favored the PSD and 28.1 percent of those who had voted for the CDS. Among the Greater Lisbon electorate, the most important characteristic favoring the latest candidate to enter the race for Belem Palace is his sincerity, closely followed by his honesty and competence. His greatest flaws are seen as insecurity, factionalism and incapacity.

Technical Note

This survey was conducted among the population in the Greater Lisbon area, The sample consisted of 350 personal and direct interviews. The respondents were selected by sex, age and residential zones. The field work was conducted on 21 November. The margin of error for this survey is plus or minus 5 percent, with a confidence interval of 95 percent. EXPRESSO is responsible for the interpretation of the results. About 1,100 contacts were made, resulting in 350 usable interviews.

Table: Results of a Poll of Voter Preferences in the Greater Lisbon Area (percent)

Time Factor	Presidential Candidates							
	Freiras do Amaral	Mario Soares	Pinta-silgo	Salgado Zenha	Angelo Veloso	Others	No Response	Total
Before Zenha Interview	24.8	10.9	24.6	-	2.9	5.7	31.1	100
After Zenha Interview	23.7	8.9	18.0	19.4	1.1	4.0	24.9	100

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CSO: 3542/40

BUDGET CUTS TRIM TORNADO PROCUREMENT, TURKISH TANK DEAL

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Nov 85 p 4

[Article by fy.: "Defense Expenditures' Share in Budget Drops Slightly. Cuts by Budget Committee / The 'Deal' with Turkey"]

[Text] Bonn, 22 November--In the coming week, during second and third readings, the Bundestag will decide on the budget for next year. The budget of the Ministry of Defense is again second in size to that of the Minister for Labor. Parliament's intention is that, with DM 49.91 billion, it will again be just under the DM 50 billion limit; in its deliberations in committee, parliament cut just under DM 400 million from the defense budget submitted by the government. This is less than 1 percent of the national budget, but it does hold a political message. Originally the defense budget was to have increased by DM 1.3 billion, or 2.6 percent; that is a little more than the overall budget, which was to increase by 2.4 percent. Now the nominal growth of the defense budget of 1.8 percent is not even sufficient to make up for next year's inflation rate. No one has been talking about a real growth of 3 percent for a long time. The share of the defense budget in the national budget will be near 18.9 percent next year as well; judged by the gross national product, it will drop slightly, from 2.7 to 2.6 percent.

The Ministry of Defense is taking with equanimity the fact that members of parliament in the budget committee cut back drastically again. The cuts can be managed. The largest cuts were made under the title from which the "Tornado" is supplied. Here 185 million were cut from the planned DM 2.785 billion. The title from which munitions procurement is funded--not quite DM 2 billion--was reduced by DM 70 million; a further 35 million were taken out of the development title, with the remainder being distributed among a multitude of budget items; judged by the extent of the defense expenditures, these are mostly "piddling amounts."

The share of investment expenditures in the budget will fall next year by 0.5 percent to 34.6 percent or DM 17.26 billion. Only the expenditures for research and development will again rise by 3.2 percent; those for military installations, particularly for the NATO infrastructure, will also rise, by 12.1 percent. Military procurement, which at DM 12 billion is the largest single item, will drop by 1.6 percent; "other investments" drop by 41.2 percent. On the other hand, operating expenditures increase by 3.1 percent to

DM 32.64 billion. The biggest share is eaten up by personnel expenditures,, which call for DM 20.9 billion, or 41.9 percent of the entire appropriation. The DM 619 million available additionally for this is necessary to allow the Federal Armed Forces to maintain their personnel level somewhat longer, despite a falling birth rate. Therefore, the number of volunteers serving a longer time must increase. Money is also required for the rejuvenation of the Federal Armed Forces, that is, the voluntary "early retirement" of career officers. In 1986, the first 350 of 1,200 officers in all will retire from the service early; this will cost DM 19 million.

A number of details are of interest. For instance, procurement plans of the military services are taken into account in different ways in the new budget. The navy is best off with its two additional escort destroyers of the "F 122" design. This project is virtually settled. Further funds are provided for five on-board helicopters, as well as for naval equipment. The procurement draft for the budget and defense committees is at present in the final phase of settlement between the defense and finance ministries, and is expected to reach the committee soon.

The air force was less successful. Funds for 40 additional Tornado aircraft, costing DM 3.6 billion altogether, are tailored to the financial planning of the Ministry of Defense. An expenditure of DM 200 million is initially provided for their procurement in the budget for 1986. This amount is part of the DM 2.9 billion which are to be spent altogether for procurement of the Tornados in 1986. The procurement draft for this project as well is in an advanced stage. However, there is as yet no sign of any meeting of the minds between the defense and finance ministries. The disagreement is about ten aircraft (right away, DM 900 million). The Ministry of Finance demands that the air force be satisfied with 30 Tornados. The latter, on the other hand, can prove with its demand analyses that it needs at least 40. The Ministry of Finance has fiscally convincing reasons for this stinginess. It wants above all to assure the return flow of credits that the Federal Republic has earned vis a vis the British within the trilateral production of Tornados. These amount to DM 700 million. By producing 30 additional aircraft the British can work off credits corresponding to this amount of money.

There also is a further reason, but it is one that is not being spoken of openly at this time. It concerns a curious compensatory deal with Turkey. During his visit to Ankara, Federal Chancellor Kohl, who wanted to obtain a commitment from the Turkish Government not to claim free movement within the European Community--to which the Turks have a right after 1 January 1987--was confronted with a request for "Leopard" tanks. Since Turkey lacks the money for their purchase, this can only involve deliveries free of charge. From what one hears, Kohl is supposed to have been asked for equipment for one armored division (with a value of more than DM 3 billion), which is considered to be out of the question. On the other hand, there is supposed to be a chance for the supply of Leopard tanks for two armored brigades. Finance Minister Stoltenberg did not up to now want to make additional funds available. The Defense Ministry's concern that ultimately it will not only have to deliver 150 Leopard tanks from its stocks but will also have to pay for converting these vehicles to Turkish conditions is not entirely unfounded. The discussions in the budget committee resulted in an obligation authorization of DM 900 million being included in the tank title; this, however, can only be used after release by parliament. This amount corresponds exactly to the sum which is considered to be of a realistic magnitude if a "deal with the Turks" is to come about. Is it a coincidence that the Ministry of Finance wants to produce DM 900 million worth of Tornados less than justified in the financing of the Ministry of Defense, or better, the air force?

5586/12379
CSO: 3620/131

EARLY SENIOR OFFICER RETIREMENTS EASE CAREER BOTTLENECKS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Nov 85 p 7

[Article by fy.: "The First Officers Are Retiring from the Service"]

[Text] Bonn, 25 November--Over 4 months from now, on 31 March of the coming year, 175 career officers will leave the service; they are the first to take advantage of the possibility of voluntary early retirement from the Federal Armed Forces created by the personnel structure law. An additional 175 will follow on 30 September. This will totally fill the quota of 350 officers who can retire next year under the law. These retirements will make possible a total of 1,900 transfers within the officer corps, as announced on Monday in Bonn by the State Secretary in the Federal Ministry of Defense, Ermisch, and the chief of the personnel department, Lieutenant General Fanslau.

The number of early retirement applications considerably exceed the annual quota of 350. Altogether, 919 officers--mostly staff officers--applied. Most of the applicants hold the rank of lieutenant colonel or, if they are in the navy, of commander. This rank is held by 700 of the applicants, and therefore by a majority of these officers whose applications were approved--279. Of the [remaining] early retiree career officers, 43 hold the rank of colonel or captain (navy), 23 are majors or lieutenant commanders, and 4 are captains (or navy lieutenants). Particularly appreciated by the Ministry of Defense is the fact that 93 percent of all applications were made by officers who work in subordinate areas, that is, not in the ministry itself.

Rejuvenating Effect

The large number of applicants enabled the personnel department to select those officers whose early retirement would--as the law seeks to accomplish--have the maximum rejuvenating effect on the commander corps of the Federal Armed Forces. The higher the retiring officer's rank, the greater the rejuvenating effect, because it affects the number of transfers resulting from his retirement. In administrative jargon, they say that the level of employment of a retiring officer determines the number of "employment moves." The fact that a majority of the 350 retiring officers hold the rank of lieutenant colonel or colonel makes possible 1,900 personnel shifts, i.e., transfers, in all; 650 of these are combat-essential positions which can only be held in certain age ranges, that is, principally company and battalion commanders.

5586/12379
CSO: 3620/132

CONSCRIPTION CHANGES SEEN AS THREAT TO CIVIL DEFENSE, POLICE

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 29 Nov 85 p 3

[Article by fy.: "Even Those Laender with a Union Coalition Majority Are Against the Projected Extension of the Period of Military Service. What Will Become of Disaster Control and the Police?"]

[Text] Bonn, 28 November--The Federal Government will have to be prepared for opposition from the Laender over passage of the law extending the period of military service and its accompanying laws. As shown by discussion of the proposed law in the Bundesrat before its first reading, this opposition is not limited to Laender with an SPD majority. The Bavarian State Government has made clear its opposition to the reduction of exemptions from military service for the police and civil defense which the Federal Government intends to make. However, Rhineland-Palatinate and Lower Saxony have also raised objections. Rhineland-Palatinate wants to create an opportunity for persons liable for military service to complete their service in installments, if completion of 18 months' basic military service would cause them an appreciable delay in beginning their studies. Lower Saxony wants to make it possible for students of medicine and veterinary medicine to decide, even upon completion of their 22d year, to work for 10 years in civil defense. Without such a regulation, the Lower Saxony Government fears that it will not find sufficient physicians and veterinarians for its civil defense.

This shows that different values are placed within the Union coalition on the consequences of extending basic military service to 18 months. The Federal Government, and particularly the Ministry of Defense, holds a "moderate" point of view intermediate between measures the CDU leadership considers necessary to restore equity in conscription and those proposed by the Laender controlled by the Union such such as Bavaria, designed to avoid this. The central question is exemption from military service. Under the present regulation, all young persons who have volunteered for the police are exempted from military service. In addition, up to 17,000 young men per year can avoid universal military service by obligating themselves to serve in civil defense and disaster control. The Union party considers this exemption to be a violation of equity in conscription. Therefore, the CDU leadership has agreed to be for doing away with all exemptions.

In the draft law of the Ministry of Defense, however, this is not planned. To ease the shortage of draftees, the ministry merely reduces the quota for civil defense and disaster control from 17,000 to 10,000 per year. Officially, the Ministry of Defense and the Federal Government gives no explanation as to why they are content with a reduction. Internally, however, it is known that the real reason and intent is to avoid a controversy with the Laender and their ministers of the interior, who do not want to change the present exemptions because they are worried about the existence--or at least the capability--of the civil defense and disaster control organizations under their control. The Bundesrat is therefore against any reduction of exemption possibilities and is of the view that, should police officials have to do military service, the maintenance of law and order would become questionable. For disaster control and civil defense, this would result in making civil defense impossible. On the other hand, the Bundesrat did not ask itself what the consequences of maintaining the exemptions would be for the Federal Armed Forces.

Fifty Thousand High School Graduates a Year to the Federal Armed Forces

The Ministry of Defense also has doubts about Rhineland-Palatinate's proposal. Up to now, the possibility of completing basic military service in installments has been limited to those in agriculture, so as not to prejudice the existence of small farms. The requested extension of this possibility to students is intended to prevent the 3 months' extension of universal military service from causing individuals delays of up to a year in starting their studies. This happens when studies are scheduled to begin only once a year, and that occurs only a short time before the end of universal military service. Sources in the ministry point out that 50,000 high school graduates a year are drafted into the Federal Armed Forces, and that it would cause great difficulties for those forces and their operational readiness if even a part of these 50,000 men were to complete their service in installments, possibly distributed over several vacation periods. The peacetime presence would thus be considerably impaired. The counterproposal, that the beginning of studies be arranged so as to take military service schedules into account, was objected to in the Bundesrat because it would put high school graduates who do not have to perform military service at a disadvantage.

In view of these objections to the proposed law, the fundamental disapproval of the Laender with an SPD majority is almost pushed into the background. They justify their attitude with the view that the planned measures are not suited to cover the personnel requirements for a peacetime level of 495,000 men, but, on the contrary, will bring about unreasonable cost increases and a burden on the capability of the Federal Armed Forces and the police, as well as civil defense and disaster control. Moreover, the problems created for the Federal Armed Forces by the declining birth rate cannot be solved by these measures, but are only put off by a few years. Laender with an SPD majority think that a solution can only be found by reconsidering the relation of the actual strength and the reservists' share, which can mean nothing other than that the size of the Federal Armed Forces should be reduced. All this is in spite of the fact that--according to factually undisputed assessments by the Federal Armed Forces Command--the commitments which the Federal Republic has entered into with NATO can no longer be met if the peacetime operational readiness level drops below 472,000 men.

5586/12379
CSO: 3620/133

COMBAT EFFECTIVENESS UPGRADING EXTENDS LIFE OF F-4F INTO 90'S

Bonn WEHRTECHNIK in German Oct 85 pp 26-30

[Article by Georg Meyer: "The F-4F Combat Effectiveness Upgrading Program"]

[Text] In the September issue of WEHRTECHNIK the chief of staff of the Luftwaffe, Lieutenant General Eberhard Eimler, gave his ideas on the combat effectiveness upgrading of defense materiel. He used the combat effectiveness upgrading measures for the ALPHA JET as an example. Another flying weapon system to be upgraded in the next few years is the F-4F PHANTOM fighter/fighter-bomber. In the following article the system project officer for this combat effectiveness upgrading, Colonel Georg Meyer of the general staff, describes the rationale for still another upgrading of this aircraft. In addition, he describes the modifications proposed to keep the PHANTOM in service beyond the year 2000.

There are many reasons why the future fighter of the German Luftwaffe, the JF-90, is the focal point of much public interest. First there are the political birth pangs, which within the European framework will certainly drag on for some time, if precedent is any indication; then there are the technological innovations being designed into this aircraft (only the best will be good enough); and finally, there is the enormous need for financing, which on the one hand will make it difficult for the Luftwaffe to introduce new weapon systems for a number of years, but which on the other hand will give the German aerospace industry an opportunity to share an enormous piece of pie.

Less spectacular air force programs, such as those concerned with combat effectiveness upgrading of existing weapon systems, obviously attract a lot less attention. Many observers, whose judgment is influenced by their respective spheres of interest, believe that some hopelessly obsolete vehicles are being more or less justifiably upgraded to extend their service life yet another few years, pending the arrival of the new, perfect, superior and unbeatable weapon system which in effect is needed today. These critics go on to state that military personnel are not at all satisfied with combat effectiveness upgrading programs. In general, they would recommend that old weapon systems not be tinkered with by investing the skimpy available funds in programs which would be totally inadequate for meeting the continuously increasing threat. As some of these witty critics put it, you can't teach an old horse new tricks. And, they say, all these arguments are particularly applicable to the upgrading program which is the farthest advanced: that of of the F-4F. All that is nonsense:

- The service life of the F-4F airframe is so long that the aircraft, with a few structural changes, can be operational for at least another 15 years.

- Equipped with the most advanced new sensors representing the state of the art of the Western electronics industry, the F-4F will be capable of delivering the most advanced munitions to the target with extreme accuracy, in aerial battles as well as in operations against ground targets.

- The great reliability and low maintenance requirements of the new F-4F components will permit significantly more economical and personnel-saving logistical concepts and thus bring about a considerably greater availability of the weapon system.

- The flying personnel of the F-4F units, who would be affected by delays and planning errors already in peacetime and all the more in a crisis, will feel (and this psychological factor should not be underestimated) that in view of a continuously existing threat the air force leadership is making every effort to provide its personnel with the equipment which it needs to be able to fulfill its mission at all times.

The Luftwaffe F-4F Program.

There is no doubt that the McDonnell F-4 PHANTOM II is one of the most successful combat aircraft programs in military aviation history. Within about two decades--the first F-4 flew already in 1958--more than 5,500 aircraft of that type were built in many variants. At least 3,000 F-4s are probably still in the active inventory in the air forces of many nations.

In 1971 the Luftwaffe decided to procure 175 F-4Fs to equip two fighter- and two fighter-bomber wings. Shortly after their introduction it became obvious that within a few years the weapon system would have to be adapted to the growing threat by technical modification.

For this reason, the Luftwaffe initiated in 1976 a program for the adaptation of the F-4F to modern conventional weapons. The main elements of the modification were the installation of a digital weapon computer and the replacement of the radar scopes by a cockpit TV screen. This has made it possible to calculate the firing data for the infrared AIM-9L SIDEWINDER guided missile, the fixed gun and the air-to-ground munition and to fire the weapons automatically. In addition, the F-4F is now capable of using electro-optically guided munitions, such as the MAVERICK.

The "F-4F Weapon Adaptation Program" terminated in 1984; all Luftwaffe F-4Fs have been modified.

Since then the wings have accumulated experience with the modified aircraft:

- In air-to-air operation, the weapon system has considerably greater performance.

- There is no problem with using the MAVERICK. The Luftwaffe has procured a first group of MAVERICK AGM-65 Bs; procurement of a second group of that type has been initiated. In addition, the Luftwaffe has initiated a program for the introduction of the infrared-guided MAVERICK AGM-65D. This weapon can also be fired from the F-4F without additional modification.

- A few problems have been observed in air-to-ground operations, caused by deficiencies in radar, inertial navigation instrumentation and flight data computers.

F-4F performance at the present time, i.e., after termination of the weapon adaptation program and prior to the implementation of the combat effectiveness upgrading program can be described as follows:

- The weapon system is still approximately the equal in performance of Warsaw Pact fighters and fighter-bombers. However, compared with the new generation Soviet aircraft which may still be introduced during the 1980s, the F-4F will be inferior.

- The range of the APQ-120 on-board radar for finding and tracking targets at medium and high altitudes and in an environment free from electronic interference are still adequate. However, the instrument is incapable of wide-ranging search and recognition of low-flying targets, which disappear in ground clutter. It can lock on to only one target at a time, is vulnerable to electronic interference and has no target identification capability.

- For fighter operations, the F-4 F is equipped with the M-61 20 mm gun and with the AIM-9L guided missile. With this armament targets can be effectively attacked only at short range and in VFR. With existing avionics in the F-4F and with present armament (which is how the weapon system must be evaluated) there can no longer be any guarantee for the medium term that the mission in all operational modes can be entirely fulfilled.

The Luftwaffe has therefore found itself forced to initiate a combat effectiveness upgrading program for the F-4F. The "Tactical Requirement" of October 1983 served as its starting gun.

At the same time, an agreement was concluded with the United States, Great Britain and France on joint development and production of a new generation of air-to-air guided missiles:

- The project Advanced Short Range Air-to-Air Missile (ASRAAM) is already in the definition phase. In the meantime, Norway has joined the German-British development program and other states have shown interest.

- For the new radar-guided Advanced Medium Range Air-to-Air Missile (AMRAAM), the German sector must still complete some concept-phase tasks, concerning, among others, test and control instruments. Despite the fact that the USAF is presently experiencing considerable technical and financial difficulties with AMRAAM development, the Luftwaffe is optimistic that the program will proceed in a timely and financially feasible fashion.

The Need for Combat Effectiveness Upgrading of the F-4F

Inasmuch as the JF-90 will not be introduced in the Luftwaffe until 1997 and full replacement in the wings may go on until 2004, there is increasing evidence for the necessity for maintaining the F-4F in service beyond the year 2000 in Luftwaffe planning.

In this connection it will be mandatory to:

- Improve the navigation and fire control system and

- Integrate an all-weather medium range guided missile, so as to upgrade performance within an entire operational spectrum.

It will therefore be necessary to correct the deficiencies of the weapon system through measures which will permit conducting defensive operations in the air:

- From the largest possible distance;

- From all directions;

- In all weather conditions;

- From a higher altitude and beyond the range of enemy counterfire.

They should further permit engaging a numerically superior enemy and to break away after firing the missiles so as to avoid being hit by counterfire.

In its offensive air operations, the weapon system should be capable of engaging targets with unguided or end-phase guided conventional munition with improved hit accuracy.

For air defense operation, the F-4F weapon system must achieve the following capabilities:

- Target discrimination in high target density and targets at very low altitude;

- Capability of engaging several targets simultaneously;

- Greater range of fire;

- Target identification immune to interference;

- Ability to overcome electronic jamming.

In more modern fighter aircraft of other NATO air forces these improvements have already been implemented, at least partially. The new medium range air-to-air guided missiles will become operational in the medium term, i.e., toward the end of this decade.

Decisive factors for mission accomplishment in air-to-ground operations are the following: penetration capability, navigation accuracy, target perception and identification, type of weapon and accurate weapon delivery. The combat effectiveness upgrading program will therefore provide for the F-4F in offensive operation appropriate sensor modifications.

These requirements of the Luftwaffe are completely satisfied by the following measures:

- Installation of the latest model pulse doppler radar which is capable of fully supporting the performance capability of the AMRAAM to be integrated;

- Replacement of the inertial navigation system and the flight data computer;

- Installation of an active IFF.

Decisionmaking in Concept Phase

As early as the preliminary phase, and in greater detail in the concept phase, the Luftwaffe has evaluated a number of radar systems from the United States, France, Sweden and the UK as candidates for combat effectiveness upgrading of the F-4F.

It was found that for many reasons most devices were unsuitable. The primary factors for this were the tactical and logistical requirements, but also their state of the art status and their growth potential for later adaptation to the JF-90--and, of course, the cost.

The final selection of the concept was an arduous and complex process which took place in close cooperation between the Luftwaffe, the defense ministry's materiel office, and industry.

At present, the program is in the definition phase. The following separate decisions have been made to date:

- For reasons of cost, only the two fighter wings will be equipped with new radar systems. However, the possibility of re-equipping the fighter-bomber wings is being kept open;

- The Hughes APG-65 was selected as the most suitable radar system. Deciding factors in this choice were particularly the cost/performance ratio, the possibility of subsequent production in the FRG and the growth potential, which is most evident in this system:

- The new inertial navigation system, which is to have a laser gyro sensor, will be developed by Honeywell/Germany;

- GEC Avionics will furnish the flight data computer;

- AMRAAM operations will require an additional mission computer to extend the computer capacity of the fire control system. This device will probably be developed by LITEF.

- An active IFF device will probably be installed in only those F-4Fs which have a new radar also. The Siemens LSR-2000 will fill this need;

- The Frazer-Nash firm has been selected to develop the AMRAAM launcher.

- All adaptation and integration tasks will be conducted by MBB under the general contractor principle.

Time Schedules, Cost

The definition phase of the F-4F combat effectiveness upgrading program will be fully completed in December 1985. This will bring about the planned start of the development phase.

The time schedule makes certain that the modification of the aircraft can start toward the end of 1990. If, as planned, only half the aircraft will be equipped with the APG-65 radar, this will take barely 2 years. This means that the upgraded F-4Fs will have a remaining service life of an average of 9 to 11 years until they must be replaced.

The cost of the "F-4F Weapon Adaptation Program" used to run at approximately 10 percent of the F-4F procurement costs. Such a low figure will of course be inadequate for implementing the considerably more complex combat effectiveness upgrading program. It is estimated that overall an average of DM 8 million per aircraft will have to be spent, inclusive of development and procurement costs. In view of performance improvements and in comparison with similar USAF programs this is doubtless a justifiable expense.

Combat-Efficiency-Upgraded F-4F: a "Super-PHANTOM?"

Despite the fact that essentially only fully developed devices will be integrated into the aircraft, the F-4F combat effectiveness upgrading program is not entirely without its technological problems. The participating firms will no doubt accumulate a mass of new experience which will benefit them in other programs.

Nevertheless, the technological, time phase and financial risks are readily visible. Some of the new components to be integrated have already been tested in other weapon systems. This is particularly true of the principal item of the program, the APG-65 radar, which has been used in the U.S. Navy's F-18 for several years with good results.

The system firm MBB had already participated in the construction of important components of the new F-4F; it has to date maintained and repaired more than 1,100 F-4Fs and RF-4Es as part of a technological and logistical maintenance contract; it has completed the F-4F weapons adaptation program on schedule. It can therefore be expected that the firm will also complete the new program (which must by no means be considered a rival of the JF-90) to the full satisfaction of the Luftwaffe.

Under the combat effectiveness upgrading program, the Luftwaffe's F-4F will be equipped with the most modern technical components in a way which will enable it to meet any threat pending the introduction of the JF-90. However, it would be a dangerous misconception to think that the aircraft with its expensive new avionics and its improved weaponry would be superior to the expected combat aircraft of a potential adversary: the F-4F will for many years remain a good and useful aircraft--but it will not turn into a "Super-PHANTOM."

[Photo Captions]

p 36, top: The F-4F PHANTOM will have to remain in service until the introduction of the Fighter 90 at the end of the 1990s or the start of the next century--it is to be adapted to the threat by undergoing combat effectiveness upgrading.

p 36, bottom: The Hughes Aircraft AN/APG-65 Radar has been selected for F-4F combat effectiveness upgrading. This high-performance radar is currently flying in the F-18.

p 27: Photo montage of a combat-effectiveness-upgraded F-4F PHANTOM with four AMRAAM radar-guided air-to-air missiles.

Chart, p 29: The new components to be used in F-4F combat effectiveness upgrading.

9272/13167
CSO: 3620/176

MILITARY

FEDERAL REPUBLIC OF GERMANY

ARMY'S EVOLVING NBC DOCTRINE, CAPABILITIES DESCRIBED

Bonn WEHRTECHNIK in German Oct 85 pp 58-70

[Article by Franz Steinhoff: "NBC Defense Force--Welcome on the Battlefield!" "A Branch of Service Modifies its Mission"]

> [Text] NBC defense as combat support must be oriented to the requirements of the combat forces. Forward defense demands forward support. The NBC defense force as a support element of the NBC defense in the German army in recent years had to measure its concept against these requirements. Hereby new equipment made possible new operational principles. Maj Frank Steinhoff, staff officer for NBC defense in the ATV (analysis, operational tests, regulations) special staff of the NBC and Self-protection School, experienced in his daily work as regulations officer the change in concept of his branch of service. He describes it, its background, and implications. The change in concept has an intensive effect in the fields of training and command. It influences the complexity of simulation systems. But it makes also possible vistas of possible technical developments, so that the NBC defense force remains up to meeting the growing demands of the future by further increase in performance.

The Conceptional Environment of NBC Defense

The headline "NBC Defense Force--Welcome on the Battlefield" is a quotation. The words were actually so uttered at the 1984 Commanders Conference of the Combat Forces. It is not possible to describe more concisely the role assigned to the NBC defense force and with which it is to fulfill its mission in the next decade.

Understanding of the principles of commitment of individual branches of service lies in the knowledge of the total concept of forward support. This knowledge may be taken for granted here.

According to the concept of forward defense, the major formations of the German army will be ready for defense very quickly in a national defense emergency since the massive attack to be expected requires the massive presence of the defense forces. The decision on success or failure of a successful defense will occur in the first days or hours of combat. The main burden undoubtedly lies on the shoulders of the combat forces. It follows from this fact that, in this time of maximum stress and losses,the combat support forces must also be capable of an optimum of performance. In the deployment phase they must be as quick as the combat forces and from the start of the combat must be able to fully provide their support far forward.

The NBC defense force is a combat support force.

Threat by NBC Weapons

Critical voices ask whether the use of NBC weapons is at all probable in the situation described above, whether the generally recognized conventional strength of the potential enemy does not obviate the need for such use from the latter's point of view, whether not only a crisis situation at a later time conjures up such a danger. The answer to this question justifies the presence of the NBC defense force far forward and at an early time.

Not too long ago, the Soviet Union asked for renunciation of the first use of nuclear weapons. It can do so easily on account of its conventional strength. NATO is in another position here. It can be forced by superior pressure and in expectation of reinforcements to employ nuclear weapons to a limited extent in the depth of the enemy area. Enemy attacks with chemical agents may also trigger the use of nuclear weapons by NATO to make clear the defense readiness and to warn against further attacks. NATO might also have to make this decision under the risk of nuclear counterstrikes. The Bundeswehr must be prepared for that.

As regards considerations for the use of bacteriological and toxin weapons, the 1972 agreement on this subject concerning the ban on the development, production and storage, which the Soviet Union ratified in 1975, is recalled. Indeed the use of biological agents for various reasons was difficult for the user a decade ago. Regrettably that is different today. Research in this field was not stopped despite valid treaties. To the surprise of all who believed that research had stopped, the revealing chemical agent accident of Sverdlovsk occurred in 1979.

Thoroughgoing investigations provided the finding that the Soviet Union meanwhile has developed highly potent toxins and that e.g., success had been achieved in reducing the incubation time of the botulinum toxin to less than 30 minutes. Thus the possibility has been created also in this field, in connection with improved delivery techniques, to make suitable battlefield weapons available. Why should a state use manpower and funds for a research field without at least thinking of the possibility to also make use of the results?

The most marked threat in the field of NBC weapons comes from the chemical agents. The structure of the Warsaw Pact armed forces, their training organization and their literature make plain the importance attributed to the use of chemical weapons on the battlefield. The stock of chemical weapons carried by these forces is described as considerable by experts. Even though the generally recognized Geneva Protocol of 17 June 1925 prohibits the use of chemical agents, the Soviet Union now designates chemical agents, different from NATO, openly as conventional weapons. Their use is planned predominantly on a tactical level and offensively. The Politburo issues the release, carrying out the use can be delegated to the division level.

Let us recall what was said in the beginning. The possibility cannot be excluded that after the decision in favor of aggression, every available agent that promises success will be employed from the start. The German army must be prepared for that.

NBC Defense in the German Army

It is the purpose of the NBC defense to minimize the consequence of attacks with NBC agents. Prior to and after attacks by the enemy, forces not yet affected are to be warned against the attacks themselves and their consequences.

The armed forces are to be enabled to continue their mission under NBC protection for a limited time even after attacks with NBC agents without significant reduction of their combat effectiveness. As soon as the situation permits it, the NBC defense is to help eliminate the consequences of NBC attacks that restrict combat effectiveness. In the army, the NBC defense that is to accomplish this task rests on two pillars: the NBC defense of all troops and the NBC defense force. In addition there is the medical NBC protection covering all military services, which constitutes a separate complex field and is not to be considered here in detail.

The NBC defense of all troops consists of several complementary components of which first of all the individual protection of the soldier and the collective protection of weapons systems are to be mentioned. The term passive NBC protection is to be associated with this part, whereby it should be noted that its successful handling also requires active training.

Starting in the elements, the organization of active NBC defense of all troops runs through the structure of the army up to the major formations. Their task is NBC reconnaissance and decontamination which are handled for the most part as secondary functions.

Soldiers trained with special intensity in NBC defense, combined into NBC defense teams and TEP teams (troop E site detachments, whereby "E" stands for radioactive decontamination, detoxification and disinfection, the latter mainly at formation and major formation level) to a limited extent meet the immediate demand for active NBC defense capacity. The most important equipment in the NBC reconnaissance of the NBC defense of all troops are the radiation detector radiacmeter and the radiactive contamination meter (SVG) and the alarm device for nerve agents. For purposes of decontamination, the TEP vehicle is available as a key piece of equipment. The fields of the NBC reporting and warning service (ABC-MWD), which are assigned to the unit or formation level, are part of the active NBC defense.

The forces of the NBC defense of all troops will not be sufficient in case of a massive use by the enemy of NBC agents characterized by massed concentration. That is where the spectrum of tasks of the NBC defense force begins.

The NBC Defense Force

The assignment of duties for the NBC defense force in the overall framework of NBC defense follows from what has been said above. It must support the NBC defense of all troops quantitatively and qualitatively wherever the latter forces are insufficient. The NBC defense force must be deployed far up front and must be present early, but in doing so must not lose the capability to push additional forces forward and to quickly form a point of concentration in the NBC defense.

What does a meaningful organization for this mission look like?

Field Army

Every division has a NBC defense company. Its platoons cover the two key duties of NBC reconnaissance and decontamination. Principles of employment, equipment and training enable these companies to be used if necessary as elements. Platoons or even squads can be assigned to brigades/formations for a specific mission and a limited time. Of course, on the other hand, use of the platoons together under the command of the company is planned.

If the forces of the NBC defense force of a division are insufficient because, e.g., parts of its NBC defense company had to be used to support the brigades and because the NBC defense force is needed in the rear division area, this additional demand can be met from the corps battalions. Each corps possesses such a battalion with four companies each,which are led and supplied by a headquarters and supply company. One or in exceptional cases also several of these companies can be subordinated to a division in which a main effort in NBC defense is expected or has occurred. In peacetime the companies are structured each for specific functions and,for reasons of more effective training and material maintenance,are organized by their functions into a NBC reconnaissance company and three NBC defense companies (for decontamination). In case of a national defense emergency, very quickly NBC defense companies are created by mutual subordination of platoons, NBC defense companies which, just like division companies, possess both components, those of NBC reconnaissance and those of decontamination.

Territorial Army

In addition to the NBC defense force, troops allocated to the major formations assigned to NATO, the territorial army, too, possesses NBC defense troops. In the military districts there are NBC defense battalions; in many home defense brigades, an NBC defense company. The forces of the territorial army must not be viewed separately from those of the field army since they partially interlock or overlap in the same geographical area. However, the main task of the NBC defense troops of the territorial army lies more in the support of command and logistics facilities of all military services to the rear of the corps as well as in support of units of allied armed forces as part of the "wartime host nation support (WHNS)". The differences in the key tasks are taken into account in the equipment.

But this system of complementing NBC defense tasks in a possible theater of war, which was taken into account by organization and allocation of forces, also requires operational consideration in terms of time. As initially shown, in case of a national defense emergency, the field divisions and their brigades will be ready for defense very quickly in their areas of deployment, behind them and after them the headquarters and supply structure of the corps will be combined with command posts, troops and installations into a big operational unit. The territorial army, which is especially heavily dependent on preparations for mobilization, will follow later on.

The limited personnel strength of the NBC defense force as regards cadres of the NBC defense forces in peacetime must yield to this growth rhythm. NBC defense companies of the divisions have hardly any cadres during peacetime, corps battalions up to the limit that makes possible meaningful training on unit level in NBC reconnaissance, NBC defense battalions of the territorial army almost completely.

Aside from NBC reconnaissance and decontamination, the NBC defense force is also enlisted for smoke delivery, water purification and firefighting. If no tasks are to be fulfilled in NBC defense, suitable components can be used for performance of security duties. The use of NBC inspection points is planned in the rear corps areas. Two of these facilities are ready for use even now. Outside the NBC defense battalions and the independent NBC defense companies, officers of the NBC defense force are active in the headquarters of major formations who,with support of the NBC signal centers/signal points (AMZ/AMS) assigned to them,offer decision-making, assistance to their troop commander in the field of NBC defense. Here the lines of the NBC defense of all troops and NBC defense force come together again, measures of both areas are coordinated, degree, place and priority of mutual support in line with the planned conduct of operations are settled.

Starting from the above-presented general description of duties of the NBC defense force, its specific tasks are now to be considered in the following:

The NBC Reporting and Warning Service (MWD) and NBC Reconnaissance

First, on the work in the NBC reporting centers (AMZ/AMS) of the major formations: Primary information is received by the AMZ/AMS from direct observation of the combat happenings. This information is provided by the part of the NBC reporting and warning service which is placed in the lower command levels and--as already mentioned--is part of the NBC defense of all troops. The incoming information is screened and collected in the AMZ/AMS, then further analyzed. The aim of the analysis is first of all the theoretical prediction of the consequences of attacks with NBC agents on our own forces. The AMZ/AMS has a programmable pocket computer at its disposal which so processes observation data with its powerful software that the results can be used for the warning of affected forces or those endangered at a later time and as a decision-making aid for the force commander. Essentially these warning and decision-making aids contain predictions on terrain in which chemical agents or radioactive fallout are present or will be present before long. This information is made available very quickly by computer-assisted data processing.
But they are still imprecise in their formulation because imprecise observation data, transmission errors or quick changes in the weather influence the precision

of the statement. Therefore the predictions must be supplemented. Here the carefully directed NBC reconnaissance helps. Carefully directed means in this connection that the NBC reconnaissance forces are issued missions that are related to the area or in relation to the forces to be supported to verify the threat in the predicted areas. A lesser part of these tasks again can be covered by the NBC defense of all troops in their own or a neighboring area. However, for the overall survey the forces of the NBC defense force are needed. Only with them does the force commander have an instrument at his disposal with which he can influence the two variables of the NBC reconnaissance, accuracy of the information and speed of obtaining it depending upon the situation-related importance at least in the case of radioactive contaminations (fallout and NIGA area). Frequently there is an unfavorably long time gap for decisions between the rapidly made predictions and the test readings then really determined. That applies especially to the verification of large fallout areas. The rapidly proceeding combat necessitates quick decisions which must be based on quick decision-making aids. Here the NBC defense force can provide support by radiation detection from the air. The speed and significance of this variant of nuclear reconnaissance lies between the AMZ/AMS prediction and the radiation detection on the ground. Thus it closes the time gap between these two procedures.

The force commander decides whether radiation detection from the air is performed in a specific case and whether it is connected with reconnaissance of the affected area from the air. If he decides in favor of the latter action, then the NBC staff officer in the command post in the NBC defense cell assumes issuance of the order and coordination since the task is carried out in coordination with army aviation. To carry out the task the air radiation detection device 1 (LSG 1) is available which is part of the NBC defense force equipment and can be installed within a few minutes in the liaison and observation helicopters (VBH) ALOUETTE II or BO-105 present in the major formations of the army.

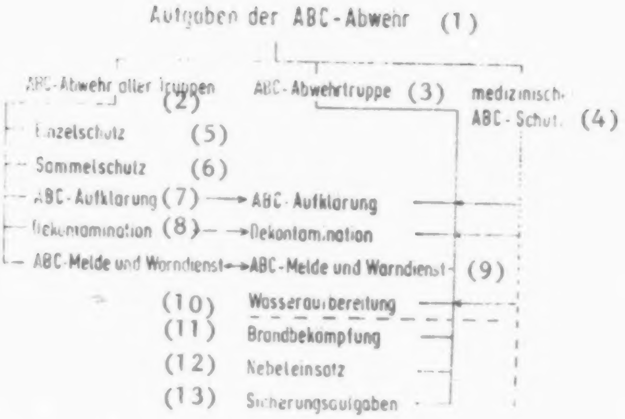
The LSG 1 relieves the operator of difficult and extensive routine work. The operator, depending on the task, can choose between several service performances of processing. The core of the equipment is a process computer which accepts measurement data of the detection device and of an integrated radar altimeter and recalculates the data measured in the air into ground values and, if necessary, also to a set time after the detonation. All results can be automatically documented in writing, which excludes recording errors and, on account of the formalized presentation of the measuring results, increases speed and quality of the analysis by the AMZ/AMS of the major formations.

If subsequently additional and more precise results are necessary in the large-area nuclear reconnaissance, the NBC defense force will be assigned the task of radiation detection on the ground. For this purpose NBC reconnaissance platoons or parts thereof are used. Their principal equipment is the detection tank FUCHS, a modification of the transport tank which is also equipped with computer-assisted detection sets. In the described nuclear reconnaissance, the automatic nuclear detection set (ASG 1) is used. Here, too, the test results are converted into normal times and documented with a printer. At the same time, with every printout, the vehicle orientation location (FOA) of the detection tank is interrogated concerning its correct position. The coordinates are correlated with the test result. The results can be transmitted in writing or by radio to the AMZ/AMS. There is a high degree of reliability because of the correct coordination of position and test data.

For the crew the onboard vehicle orientation installation constitutes a considerable improvement of the work quality and of the extent of the performance. It can be concentrated on the observation of the battlefield and on the actual detection mission. Especially at night and in devastated terrain, the mission can be carried out at high speed and without delay by stops for orientation. High speed reduces the time of stay in the contaminated terrain and also lessens the radiation exposure of the crew.

When it was indicated that especially large fallout areas require much time for verification, this should not mean that reconnaissance of terrain which was affected by chemical agents does not require a great deal of time, too. Such areas are smaller but it is very difficult to reconnoiter them. Frequently they are placed at the flanks or in the combat sector of the forward formations where operations take place especially quickly and change very frequently. NBC reconnaissance thus is always performed under time pressure. Detection tanks FUCHS, integrated far forward, support here the combat forces directly by warning against contaminated areas, drifting agent clouds or also by the observation that performance-reducing NBC protection is no longer necessary or not necessary for the fighting troops. For this purpose there is available,in addition to the alert device for nerve agents (AfN) as detection equipment, the mobile mass spectrometer (MM1). The latter has a data bank in which the typical components of known chemical agents, other dangerous and environmentally polluting substances as well as of practice substances for training are mathematically pictured and are kept in readiness for comparison of characteristics. Air samples from a sonde, if necessary suctioned also directly above the ground or from contact wheels running along the ground, provide the comparison atmosphere for the data bank. Persistent agents on top of or in the ground can be heated by means of the sonde and the evaporation part thus developing can be checked. If the detection system discovers agents, it is able to report not only the presence but also the type of agents or agent mixtures. Unknown substances, whose harmful effect was proven and which on account of lacking recognition features cannot be identified in the data bank, at first contact are accepted in the data bank under a temporarily assigned name and from that moment are available on the recording and other detection tanks as comparison values. The storage capacity of the data bank makes it possible to make use of the detection tank also in peacetime, e.g., in cases of catastrophes.

Unknown harmful substances must be identified. If they are present in persistent form, soil samples can be taken by means of special implements attached to the rear of the detection tank, packed in sample containers and taken along to pass them on to agent investigation points for chemical/biological analysis. During the entire operation including the taking of samples, the crew in the detection tank is under NBC protection, i.e. it can work without being hindered and without stress by personal NBC protection measures such as NBC protective mask and gloves. The result of chemical detection, just as is the case for nuclear detection, are in most cases reported by radio or in writing to the AMZ/AMS for analysis.


Aufgaben der ABC-Abwehr (1)
ABC-Abwehr aller Truppen (2)
ABC-Abwehrtruppe (3)
medizinisch. ABC-Schut. (4)
Einzelschutz (5)
Sammelschutz (6)
ABC-Aufklarung (7)
ABC-Aufklarung
Dekontamination (8)
Dekontamination
ABC-Melde und Warndienst
ABC-Melde und Warndienst (9)
(10) Wasseraufbereitung
(11) Brandbekampfung
(12) Nebeleinsatz
(13) Sicherungsaufgaben

Key:

1. Duties of NBC defense
2. NBC defense of all troops
3. NBC defense force
4. Medical NBC protection
5. Individual protection
6. Collective protection
7. NBC reconnaissance
8. Decontamination
9. NBC warning and reporting service
10. Water purification
11. Firefighting
12. Smoke screen
13. Security duties

All these reports supplemented by the findings made by the NBC defense of all forces in their own or adjacent areas like mosaic pieces form a total picture with the AMZ/AMS, which, mapped on the tactical situation map, complements the general situation and helps the force commander to include also this part of the combat event in his decisions or plans.

NBC Reconnaissance in Combat Under NBC Threat

Thus far the use of the NBC defense force in NBC reconnaissance has only been described under the aspect that nuclear bursts have already taken place and chemical agents were employed by the enemy. That is the most unfavorable scenario to which the German army has to adapt itself. But the other situation developments must also be included in the calculations. Scenarios are conceivable in which chemical agents have not yet been used, or have been used only temporarily and on a limited area or are no longer used on the battlefield. Under those circumstances, what are the duties of the NBC defense force in NBC reconnaissance? To make this clear, the combat event must be imagined in a model-like description.

Combat forces are in battle. They are prepared for the use of chemical agents by the enemy. Realistic training has made it clear that human senses do not recognize chemical agents in time. Use of conventional weapons of hardly imaginable violence affects the battlefield. Secondary effects of the use of conventional weapons shape the appearance of the environment. Fires reduce visibility. Combustion products of all kinds, especially the unfamiliar odors of lubricants, fuels and plastic substances change the mixture of odors, influence and irritate the sense of smell and the gustatory nerves. The term "strange odor for the area," much abused during training, the key word for triggering NBC protective measures in training, will be a frequent companion on the battlefield.

How does one differentiate under the stress of the battle what is a consequence of the use of conventional weapons and what is a real threat by chemical agents. What would happen if this understanding were to remain without analysis. First of all, combat would take place unnecessarily and for a long time under NBC protection. Later on after the habituation effect has taken over, the NBC protection would be established too slowly, inadequately or not at all, finally even if the force needs it for survival. The first alternative, too, would have fatal effects. Studies of the NATO partners basically have already shown the consequences which occur when troops have to fight under NBC protection as part of uninterrupted operations for a long time. There is physical weakness by loss of liquid, heat accumulation, and increased breathing resistance, impeded coordinated movements, impaired communication, more difficult orientation and target acquisition and psychological impairments caused by the feeling of isolation in systems with collective protection, false behavior in friend-foe recognition, completely disregarding the trivial problems of eating and of the call of nature.

That makes you think. As good as the NBC protective equipment of the individual soldier and that of the may be weapons systems which protects the force against the effects of NBC agents, as problematical becomes its uncritical sustained use. A force that has to operate for a long time under NBC protection steadily loses combat effectiveness even without enemy action. That must not happen unnecessarily. The presence of the NBC defense force in the immediate vicinity of the combat forces helps prevent these developments. The NBC defense force warns and issues the "all clear signal," provides safety by its presence. The results of its analyses make possible safe utilization of unaffected parts of the battlefield.

And a concluding thought on this chapter. The use of chemical agents is outlawed under international law. An attacker who uses chemical agents will be guilty. However, this does not apply to implied threatening gestures and behavior creating the appearance in this direction. Such behavior reasonably triggers prophylactic protective measures and thus in the long run a reduction of combat effectiveness without the enemy becoming guilty under international law, for he really did not violate international law. Here a paradoxical situation arises which has to be met.

Decontamination

In the NBC defense companies the NBC defense platoons and the NBC material and operational platoons are responsible for decontamination in peacetime and in combat under NBC threat, separated for organizational reasons, both platoons in combat under NBC conditions as a rule form a reinforced NBC defense platoon. It takes care of all decontamination tasks.

Decontamination tasks occur if the force was hit by fallout or chemical agents in persistent form or if it was forced to stay in contaminated areas. Also decontamination of important parts of the terrain and installations belongs to the tasks to be performed. In cooperation with the medical service disinfection and biological decontamination measures can be requested from the NBC defense force.

In the past, the establishment of main E sites (HEP) ("E" denotes radioactive decontamination, chemical decontamination, biological decontamination) has succeeded in decontaminating personnel, major items of equipment and soldiers' kits. In doing so the NBC defense force started from the correct assumption that in a contamination of the force, in general the three elements personnel, major items of equipment and the soldiers kit are always simultaneously affected in a certain ratio. That was taken into account in HEP's organization of the operating procedures. It is capable of separating personnel from equipment and materiel in an assembly line process, to decontaminate them by different processes and then to return them again to the functional unit.

In the meantime, the NBC protective equipment of the armed forces has been considerably improved. That necessitated already the first rethinking in the decontamination concept. The soldiers were equipped with personal NBC protective clothing that could be decontaminated, the combat forces predominantly have already received weapons systems of a new generation which possess NBC protective ventilation systems. If forces so equipped are contaminated, if the share of the affected equipment predominates, if soldiers are affected nonetheless, then mainly only their equipment. As a consequence, today the entire HEP is no longer needed in every case, frequently only parts (e.g., for the decontamination of major items of equipment).

The second reason for rethinking is the improvement of the decontamination equipment of the NBC defense of all troops that has occurred. By patching up the TEP vehicles and by making chemical decontamination emulsions available, the effectiveness of the TEP teams with the armed forces has increased. Affected elements can now be decontaminated within the framework of the NBC defense of all troops if the extent of the damage is not too great.

Finally the tactical requirement is expressed more clearly than heretofore that the combat forces must be available on the battlefield for as long a period as possible to remain strong at the front. This contradicts the concept of removing affected units from combat, take them back in a time-consuming manner for decontamination and then bring them forward again. Today contaminated forces, if the personnel has not been directed affected, can be temporarily kept in combat with reduced combat efficiency. Decontamination takes place in short lulls in combat of the combat forces, but no longer according to the traditional concept.

The main E site continues to be the most effective decontamination facility of the army; but also the least mobile. With it the entire decontamination capacity of an NBC defense company of the division is tied to one spot. The facility is tied to the one spot for at least 8 hours. In the rapidly changing combat with its surprising developments in the situation, a facility which is supposed to be stationary for this period of time must be placed at least in the rear division territory or even farther back. That is where there is also continued need for it, for the forward-oriented support this facility is no longer useful. In addition to the main E site, there must consequently exist decontamination possibilities in the brigade area. The concept for this area provides for decontamination facilities (e.g., advanced E sites--VEP) which possess only material required for the specific mission which the force can support quickly in its operational area or near it and which are closely integrated with the NBC defense of all troops.

Hereby a temporary subordination under the supported force will be necessary because choice of location, security and carrying out of the decontamination depend on the short-term decisions of the local tactical commander.

That leads to organizational consequences for the NBC defense companies. The platoons must be so organized that they can perform several subtasks in the decontamination simultaneously and at different locations. The demands on the commanders grow; allocation of material, assignment of personnel, division of security forces and logistics make high demands. The threat by the enemy also changes. While thus far in the rear area attention for securing the main E site had to be focused mainly on the enemy from the air, the enemy on the ground must be accorded greater attention in the forward examination. Safeguarding the decontamination measures far forward as a general rule will be taken over or at least supported by the supported force. Changes in the procedures for use up to another assortment of ammunitions for the field guns are the consequence.

The main E site has also adapted to the changed tasks. The strict division into two parts of personnel and material decontamination has now given way to a division into three parts. Personnel decontamination, decontamination of clothing and equipment and material decontamination stand side by side with equal importance. With this division into three parts, decontamination of clothing and equipment, which thus far had been treated somewhat marginally, receives more attention. The differences in the material composition of the personal equipment of the soldiers has made it difficult to find suitable chemical decontamination procedures, as has been the case for major items of equipment for some time. Above all, special requirements were placed on the quality of chemical decontamination since in the use of items of equipment the direct contact with the user is especially intensive. Despite all these difficulties the NBC defense force now knows the correct way. Introduction of personal NBC protective clothing that can be decontaminated means for the NBC defense force at the same time the integration of the decontamination procedures provided for this clothing into the already existing decontamination process.

Decontamination of clothing is not provided in the field of the NBC defense of all troops. It is to be expected that, independently of other decontamination tasks, this component must be made available as an individual task to the force to be supported. If great distances must be overcome in this connection, the NBC defense force is prepared for air transport of these units. To make possible points of concentration for almost every situation, plans have been made for the air transportation for the entire main E site.

Decontamination of important terrain sections and installations, as in the past, is of importance. Concern about this task was caused by the high consumption of decontamination agents. The NBC protection equipment now as a rule permits overcoming contaminated terrain sectors without having to decontaminate them beforehand. Decontamination can be limited to a small selection of truly important objects.

Water Purification

At the beginning of a military clash, massed deployment of major formations in a narrow space can quickly occur as part of the defense. To bridge the first few days of the combat, the force carries its own supplies. Supply with water, one of the most important supplies, is to come from the public water supply network. Massing of people in the operating areas and the possible breakdown of the water supply on the battlefield by the effect of weapons leave us to face the possibility that bottlenecks will occur. The force itself must then temporarily see to the procurement of water. Getting water is the task of the corps of engineers, purification into potable water is the task of the NBC defense force. For this purpose it installs two water purification installations each in the NBC defense battalions which are able to purify polluted or contaminated water. In checking the water quality and release of the water for use, the agent examination points and the medical service troops provide support. Even in peacetime these installations have proved their effectiveness when used in catastrophes.

Use of Smoke

To complement the description of the duties and even though the concept of forward support does not have a significant influence, large area use of smoke is to be mentioned here. Where forward support is connected with use of smoke, the topic of putting the enemy under a smokescreen and thus the fields of tasks of the artillery are very quickly involved. Smokescreens over areas by the NBC defense force in one's own rear area nevertheless constitute means of combat support when they are carried out in the framework of engaging penetrated enemy forces or for the protection of water crossings.

Firefighting

Another duty was assigned to the NBC defense force in firefighting. Large-scale fires may considerably hamper the course of combat. Because it is equipped with water-carrying equipment, the NBC defense force is more suitable for fighting fires than other branches of service. By a force structure tailored to this task, the reinforced NBC defense platoons adapt themselves to this use in which rescue and recovery measures of a general nature may become necessary. But it must be stated that for specific rescue and recovery measures the NBC defense force is less suitable than other troops. It lacks the required heavy equipment for this purpose.

Simulation Systems for Training

The NBC defense force must be trained for the mentioned tasks. Training is to be realistic, prepare for combat, avoid endangering people, unnecessary loss of material and pollution of the environment and cause as little expense as possible. This listing of criteria makes it clear very quickly that especially the NBC defense force quickly reaches the limits of what can be easily simulated.

For one thing, there are the requirements of environmental protection which necessitate very cautious handling of chemicals which are provided as simulant agents. It is an obvious demand that only substances are used which do not have a harmful effect on man and the environment. At the same time, these substances must fulfill two contrary functions. There must be substances which serve to simulate decontamination agents and those that simulate chemical agents. The latter must be just as harmless as the first. Those were the requirements of the safety regulations and of environmental protection.

The instructors demand in addition the following: simulant agents are to look like the genuine substances, are to have a similar volume and weight and of course in application require the same handling and as much as possible show the same chemical reactions. To find such simulant agents was difficult. The military science agencies of the Bundeswehr and the chemists of the NBC defense force have been able to satisfactorily accomplish this task in cooperation with industry also for the area of the NBC defense of all troops.

It is at least as problematical to make simulant agents in the nuclear field available. There are of course no realistic possibilities to simulate large-area radioactivity in the terrain. Nuclear reconnaissance in combat is difficult especially because the object to be reconnoitered cannot be directly perceived by the human senses. How much more difficult is it to create a simulant agent that meets all training criteria for something that cannot be directly perceived. The NBC defense force has asked for a simulant agent that exhibits the following simulated performance features by use of electronic data processing.

Radioactive areas of assumed nuclear bursts can be shown algorithmically in a computer if the assumed initial data of the burst and the weather data belonging to it are known. The computer can calculate for any point of the practice area the strength of the assumed radioactivity belonging to the burst.

The navigation installation of the reconnaissance system reports to the computer the coordinates concerned, on which the radioactivity, measured or in exercises, is to be calculated. The system reacts with the readout of logically correct, calculated measuring results. If several detection tanks or air detection teams are provided with this practice equipment and if all practice equipment participating in the exercise receives in the preparation as a basis the same assumed burst and weather data, then the measuring results are compatible with one another regardless of the areas in which the individual reconnaissance systems are used. That signifies that the AMZ/AMS, too, can be incorporated in the exercise, for all data refer to the same initial values. Thus they fit together in the analysis regardless of where or when they were determined.

These two examples from the area of simulant agents vividly show how much thinking must be done, what efforts must be undertaken to describe in the field of NBC defense the reality of the happenings on the battlefield in the form of a model. The force can only learn in reality by constantly repeated practicing. The better the reality is simulated, the more realistic the training can be made. Simulation in today's training requires far more than in the past: creativity and technical understanding in all fields by commanders and instructors. An appeal is directed to industry to support the armed forces in this endeavor.

Prospects

NBC defense of all troops and NBC defense force complement each other. The existence of one element justifies the existence of the other. The NBC defense of all troops reaches its quantitative and qualitative limits where the demand on training and technology overtax soldiers and commanders who are being employed in this field as a secondary assignment or as an auxiliary assignment. The demands for a successful NBC defense go farther than they can be fulfilled by an NBC defense of all troops. A special branch of service is required to fulfill them. This branch of service as an instrument of combat support without NBC defense of all troops would, however, remain a patchwork and could never by itself meet the indicated catalogue of duties in NBC defense.

The NBC defense force at present has found its task and its path to solve this problem. Nevertheless the possible military-political and technical development of the next decades must be watched very carefully to be able to judge what structures and what sets of tasks will be demanded from the NBC defense forces in the future and what technologies will be achieved with which they can meet their sets of tasks. There will be no alternative for forward defense in the foreseeable future. The attention which NATO now directs at the FOFA concept (follow-on forces attack) does not mean that an alternative is to be sought for the forward defense. On the contrary, through the FOFA concept forward defense is to be supplemented by easing the pressure and thus is to be secured despite conventional inferiority. The NBC defense force can start from the assumption that its concept of forward support is the correct combat support over an extended period of time. What remains is the big field of rapidly changing technology and its potentials. Indeed a qualitative increase in performance in many subsections can be imagined if technology can achieve that and this technology is financially feasible.

In the field of the NBC reporting and warning service, data processing is done with the programmable pocket computer HP-41CV still in a closed system. Establishment of a data link with the tactical command system HEROS with mutual automated data use would lead to a considerable increase in performance. The technical conditions for such a use are present even now. In the area of the headquarters of the armed forces, there operates the NUBIC EDP process whose software and hardware could be employed in the AMZ/AMS, broad areas of the pocket computer could be taken over, could make the latter available for other uses and could establish the data link to HEROS.

NBC reconnaissance has unused possibilities in the field of data transmission. Data processing, too, can be improved. The available reconnaissance systems at present still use paper as recording medium and man as the provider. The mass accumulation of measuring data, of which only a few (e.g., the standard contour lines) are needed, could automatically be reduced to the essential part, which is dispatched in condensed form directly to the processing system for calculated and graphic analysis in the AMZ/AMS. The user would receive the results only when he has to use them, i.e. when he has to prepare and make creative decisions with their help. The technology for this application is available even now,at least theoretically.

For the dosimeters of the radiation-detection and radioactive-contamination meters, follow-on equipment is conceivable which, based on electronic dosimetry, works more reliably, more sturdily and more precisely. The detectors of the future can be equipped with technical intelligence whereby many of the technical errors and those caused by man can be recognized, reported and even compensated for by the equipment. LSG 1 and ASG 1 even now possess part of these qualities. Equipment standardization can lead to greater operator reliability by simplified training and to simplified repair by replacement of assemblies.

In individual protection it could be possible to reduce the physical burden of the soldier by making available clothing that is lighter and permeable in one direction and thus will slow down the decline of his combat effectiveness under NBC protection. In the future, the most difficult problems presumably will have to be solved in the field of decontamination. With an increase in the effort and improvement of the process, increasingly better performances will be attained here in all fields. Thus, of course, the costs, too, will rise. The NBC defense must have the courage to monitor this development constantly and to be prepared to consider whether the curves of duration of war, effort, benefit and costs to be expected so intersect that other processes, e.g., "expendable decontamination" will provide greater benefit in subareas.

According to everything that has been said in this article, it should be noted that a functioning NBC defense with an NBC defense force operationally ready in all fields also directly contributes to deterrence. An enemy who makes first use of an NBC agent puts himself in the wrong under international law, conjures up the danger of exposing himself to retaliatory attacks and possibly sets the escalation screw in motion which can take on its own momentum. The enemy will accept these disadvantages only if the benefit to be expected is considerable. However, if he has to expect or find out in practice that the hoped for success fails to materialize because the attacked quickly brings the consequences of NBC attacks under control, his cost-benefit analysis will induce him to use the instruments of the employment of unconventional weapons with great caution or not to use them any longer. That would constitute a big step towards deescalation. NBC defense would have made its contribution to providing a better overview of the conflict and to making it better controllable.

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CSO: 3620/174

OVERVIEW OF RESERVE FORCE STRUCTURE, TRAINING, MISSION

Paris ARMEE ET DEFENSE in French Jul-Aug 85 pp 30-32

[Article by Lt Col Maginot, Artillery, assistant German military attache in Paris, and graduate of the German War College and French War College: "Bundeswehr's Reserve Forces"]

[Text] Reservists have always been a key element of German military tradition, at least during this century. Indeed, it is difficult to imagine the German armed forces of World War I and World War II without the mobilization process, in other words, without the call-up of reservists.

In 1914, for example, the German Army's wartime strength of 3.8 million men included approximately 3 million reservists. In 1939, Germany's total military strength of 2.5 million included 1.9 million reservists. It was natural, therefore, for us to resort to this tried-and-true concept when establishing the Bundeswehr some 30 years ago in 1955.

As is the case with other armed forces, the size of today's German armed forces is limited for political and economic reasons.

The Bundeswehr's wartime manpower level is determined by the FRG's significant contribution to NATO's forward defense, in the light of the country's geographical situation and the threat. This force level also depends on the mission assigned to the German Army, namely to assure freedom of maneuver throughout Germany for allied forces and particularly for their reinforcements.

While the population of the FRG is about equal to France's, German territory covers an area that is only half the size of France's.

Our geostrategic situation is characterized not only by the absence of strategic depth but also by a lengthy common border with some of the Warsaw Pact countries. A large-scale attack by Warsaw Pact forces would immediately involve the FRG's territory in its entirety. Hence protection of the FRG must of necessity be provided on its eastern border and as close as possible thereto. As a matter of fact, such is the meaning of the term "forward defense".

Because of its peculiar situation and the forward defense operational concept, the FRG must of necessity have a peacetime force structure permitting very rapid deployment of a sufficient number of regular combat units. In principle, these units constitute the Field Army consisting of 3 corps organized into 12 divisions of 3 brigades each (= 36 brigades).

The Bundeswehr has a peacetime strength of 495,000. In case of war, this figure would rise to approximately 1.25 million through mobilization of about 750,000 men. Thus more than 60 percent of the German wartime military establishment would be reservists.

Given this large number of reservists, it was necessary to establish a policy defining the general principles, terms, and conditions governing the use of reservists within our force structure, and particularly within the new structure resulting from the Field Army reorganization of 1977.

We have three distinct categories of reservists who are assigned to mobilization units and services: the standby ready reserve, the mobilization reserve, and the general reserve.

The standby reserve obligation lasts for those 12 months immediately following completion of a draftee's compulsory tour of active duty or expiration of a volunteer serviceman's term of service. The current standby reserve system was approved by the federal legislature in 1975. The defense minister is empowered to recall standby ready reservists to active duty before mobilization is ordered and without prior authorization of the federal legislature.

Standby ready reservists are required to keep themselves available at all times to receive their recall orders.

The standby ready reserve constitutes a pool of personnel who are still very familiar with their military duties and consequently available for assignment without any need for prior additional training.

The standby ready reserve enables us to bring up to authorized strength units which in peacetime are maintained at reduced strength, and also bring those units to the desired state of operational readiness without delay. This capability is especially valuable when standby ready reservists are assigned to their former units.

In the army, these reservists are assigned principally to brigades and divisions. The army plans to call up 48,000 standby ready reservists, the air force 12,000, for a grand total of 60,000.

The mobilization reserve furnishes the bulk of the reservists required to bring the armed forces up to wartime manning levels. It consists of approximately 750,000 men and will be alerted at mobilization time and be called up gradually or right away by means of a general recall order. These reservists will, for the most part, be assigned to cadre units, particularly to so-called mobilization units--i.e. units not activated in peacetime--but also to regular units to fill special positions that are not normally manned in peacetime.

In addition to the two aforementioned reserve components required to bring the armed forces up to wartime manning levels, there is also a general reserve component of some 350,000 men designed to serve as replacements for combat casualties.

This general reserve brings to more than 1.1 million the total number of reservists available in a defense emergency.

The criteria governing recall, instruction, and refresher training of reservists are as follows:

a. Military occupational specialty and physical fitness;

b. Domicile close to the mobilization unit's post, camp, or station;

c. Availability, in other words, assurance that the reservist is not earmarked to perform other duties.

Because of the constraints inherent in military service, the term of service in the reserves is based mainly on the reservist's age.

For this reason, noncommissioned officers and junior enlisted men are, as a general rule, released from the mobilization reserve at age 30. For most reservists, and pursuant to the Military Service Law, "direct military control" terminates at the end of the year during which junior enlisted men reach age 32, noncommissioned officers reach 45, and officers 60 or 65.

Nevertheless, the duration of assignment to the mobilization reserve or the general reserve can be extended considerably when personnel are deemed essential because of their technical competence or special qualifications, or in the case of qualified personnel who volunteer for service in the reserves. On the other hand, release from all military obligations occurs only at an older age, namely: for junior enlisted men at age 45; for officers and NCO's at 60; and for regular officers at 65.

Reservists assigned to mobilization units and services have to undergo continuous training or receive additional instruction and training when they are earmarked for specific mobilization assignments.

In some cases, and especially in units that have to be constituted entirely of mobilized personnel, the training of reservists can prove to be rather difficult because of the variety of duties assigned to them in wartime, and particularly because of the limited availability of facilities and personnel for such training.

To give you an idea of the number of training courses conducted for reservists, here are the 1984 figures for the army:

a. Of the army's 18 schools, 16 conducted refresher instruction and training for reserve officers and NCO's, offering a total of 172 courses, 83 for officers and 89 for NCO's;

b. For reserve officers, there are mainly three distinct levels of instruction and training: courses for future regimental and battalion commanders, for future company or battery commanders, and for future platoon commanders.

At the armed forces level, some 60 joint-service courses are scheduled each year for reservists. These courses are designed particularly for specialists in intelligence, foreign (Slavic) languages, and psychological warfare.

I call your attention to the only course--unfortunately the only one--attended by reserve officers from friendly nations, including France. The course is conducted by the Psychological Warfare School in Euskirchen. This year, it was held in April. As a general rule, German reservists have completed 15 months of active duty service as draftees or 2 to 15 years as volunteers. During this period of service, they have been trained to perform one or more duties and have obtained a military occupational specialty rating. Their mobilization assignment is based on this specialty rating. The training and the specialty rating they have received during their terms of active service also govern the type of training reservists must subsequently receive. This latter training is designed to maintain or enhance their level of proficiency.

Pursuant to the Military Service Law, the total prescribed periods of reserve training are 9 months for junior enlisted men, 15 months for NCO's, and 18 months for officers.

However, most reservists assigned to mobilization units and services rarely complete these total prescribed periods. Such considerations as their personal, family, occupational and financial situations cause them to be recalled for shorter overall periods of training.

Reservists receive instruction and training in two ways: as individuals, and as members of complete units in mobilization exercises (vertical call-up).

Periods of individual training normally last 2 to 4 weeks. This training is given in a troop unit, in a training center, or in a service school. It is designed principally to qualify officers and NCO's for higher level assignments, or to retrain certain reservists on, for example, weapon systems recently placed in service.

Mobilization exercises are designed to test the mobilization system and heighten the operational readiness of reserve units. These exercises are the principle element of reservist training and last approximately 12 days.

A major effort has been made these past few years to increase the periodicity of mobilization exercises. For active units--divisions and brigades--and artillery units, they are conducted annually. For units without regular personnel, they are conducted every 2 or 3 years, depending on the requirements of the different combat arms.

The number of reservists recalled to active duty for training rose from 127,000 in 1982 to 157,000 in 1983. In 1984, some 190,000 reservists were recalled to active duty for training.

In 1983--figures for 1984 are not available--15,000 officers, 40,000 NCO's, and 102,000 junior enlisted men received individual training or participated in mobilization exercises.

Having outlined how the German Army uses its reservists, I shall now briefly describe the organization and the mobilization units of the Territorial Army to which a large number of reservists are assigned. This army is organized into three territorial commmands, six military regions, and 27 defense districts.

Territorial Army units include:

a. Six territorial (home) defense brigades maintained in peacetime at manning levels varying from 50 to 70 percent of authorized strength;

b. Six territorial (home) defense brigades that depend on mobilization for 100 percent of their personnel;

c. A total of 15 territorial (home) defense regiments organized into 45 battalions;

d. A total of 150 defense companies and 300 defense platoons.

Without going into details, I shall now list some of the equipment in Territorial Army units.

Reservists themselves differ in no way from regular servicemen.

Infantry units are basically equipped with LRAC [antitank rocket launchers], Milan [antitank missiles], Marder [mechanized infantry] combat vehicles, M113 armored personnel carriers, 120-millimeter mortars, and Unimog [2-ton trucks].

Tank batallions are equipped with M48 main battle tanks.

Artillery battalions are armed with 105-millimeter towed howitzers. Engineer units have M48 armored vehicle launched bridges.

All units are equipped with NBC [nuclear, biological, chemical] warfare defense materiel.

Territorial Army combat units are also extremely helpful to all NATO forces stationed in our country, in that they contribute to giving those forces greater freedom of maneuver. In addition, Territorial Army brigades can be employed as reserves in conducting operations under the forward defense strategy.

The studies which led to the German Army reorganization of 1975-1977 revealed that more extensive use of reservists is limited by:

a. Peacetime manpower requirements for officering and administering mobilization units, and for performing instructional and training tasks;

b. Requirements for additional equipment and support facilities.

These limitations precluding more extensive use of the overall reserve pool explain why 1.6 million additional reservists still having military obligations are not used directly to meet armed forces' requirements. If necessary, a certain number of these reservists will be called upon. But their use is subject to some restrictions inasmuch as many of these men completed their compulsory military service several years ago.

Furthermore, some of these reservists must be released from their military obligations because they perform civilian jobs rendering essential services to the general public, such as, for example, furnishing gas, electricity, water, rail transportation, and postal services. Similar exemptions are also granted to those reservists necessary to civil defense, such as, for example, firemen, technically qualified civilian rescue workers, and personnel of such medical and relief organizations as the Red Cross.

I shall now discuss the activities performed by reservists and for reservists. These activities can be divided into two categories: those within the armed forces (during periods of instruction and training) and those outside the armed forces.

Both categories have to do with questions of motivation, social work, information on security policy, and military training.

One very special task of activities outside the German Armed Forces consists in reinforcing the country's defense capabilities and its defensive spirit. This task is performed in close cooperation with the German Armed Forces Reservists Association (Verband des Reservisten der Deutschen Bundeswehr). This reservists association receives an annual subsidy from the defense budget. It is also important to note that the association's organization corresponds exactly with the territorial command organization.

Membership in the German Armed Forces Reservists Association is voluntary and open to all reservists desiring to improve themselves.

The association has more than 90,000 members in approximately 17,000 local chapters. Some 80 percent of the members, from 20 to 40 years of age, are fit for military service.

Activities outside the German Armed Forces include day-long seminars on security policy conducted within the association. In 1983, some 900,000 reservists participated in such seminars. The association also conducts military training (sports, weapons firing, "commando" rallies).

The German association cooperates on the international level with similar associations in other countries, including France, of course.

One particular point of note is that wearing the uniform is linked to an individual's military status. For this reason, German reservists are authorized to wear the uniform only when on active duty for training.

Summary

The system adopted for use of the German Armed Forces pool of reservists is patterned exactly after the current force structure. The latter is marked by the great peacetime readiness of operational combat units. Furthermore, the German Army's new structure makes it possible to increase combat strength in case of mobilization by activating additional combat units.

In 1980, the German Armed Forces designed a system for the use of reservists which corresponds exactly to current force structures, while at the same time establishing a framework for future evolutionary changes.

The purpose of this system is to make use of the largest number of reservists as the basic element reinforcing the FRG's defense capability and heightening the spirit of defense in our society.

In conclusion, I should like to quote from the remarks made by the (French!) secretary of state to the minister of defense at the 51st UNOR [National Reserve Officers Union] in Strasbourg on 25 June 1983: "Defense is definitely everyone's concern. For this reason, the regular armed forces, characterized by their immediate operational readiness, must be supported by well-organized, well-equipped reserve forces fully prepared to perform specific missions."

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CSO: 3619/9

MILITARY FRANCE

DEFENSE MINISTER QUILES VIEWS DEFENSE POLICY

PM091515 Paris DEFENSE NATIONALE in French Jan 86 pp 11-24

[Speech by Defense Minister Paul Quiles to Higher National Defense Studies Institute in Paris on 12 November 1985: "The Future of Our Concept of Defense in the Light of Technological Progress"]

[Text] It is traditional for the defense minister to come to the Higher National Defense Studies Institute each year to present the military aspects of France's defense policy. It is with real pleasure that I will follow this custom today. Indeed, your year includes people from all backgrounds and all professions, deeply involved in the nation's life. Your presence here, despite your onerous duties, bears witness to your interest in defense questions.

Addressing the National Assembly last Friday, I gave a detailed review of my ministry's action during this parliamentary term. It gave the broad outlines of the 1986 armed forces budget. I will therefore not return to these points. Instead I would like to devote my speech to the future of our concept of defense in the light of technological progress.

The perception of technological progress as the driving force of our civilization is not new. Its political impact is a new factor. Technology--and I mean technology, not science--has an unprecedented fascination for the media and public opinion. It transforms all debates, raises questions on our policies, and engenders hopes which are tinged with science fiction and doubts about the survival of the concept of nuclear deterrence.

The intrusion of technological discussion into the defense policy sphere happened a few years ago when General Rogers questioned the doctrines governing the use of conventional weapons. But this debate was rapidly overshadowed by President Reagan's announcement of the Strategic Defense Initiative [SDI]. Since then public opinions have been approached in various ways to give their support to this new idea.

And the reason why I am anxious to devote my speech to this subject is that it is topical and important. The question I will try to answer is the following: "Does current and foreseeable technological development lead to a change in our strategic doctrine and our choices of arms?"

I will limit my thinking to two subjects: First, nuclear deterrence; and second, the prevention and control of crises. Indeed, these two subjects are the two extreme poles of our defense concept. Nuclear deterrence is the cornerstone of this concept, and a crisis is often one of the consequences of the deterrent. This deterrent protects the most vital aspects of France: its identity and sovereignty. The ability to control crises is necessary to the maintenance of our area of freedom in the world.

The Future of Nuclear Deterrence

Thinking about the future of nuclear deterrence implies thinking about the American SDI. In his speech on 23 March 1983, President Reagan, after condemning nuclear weapons outright as immoral, presented the American people with a new challenge: To remove once and for all the threat of nuclear apocalypse, to replace the doctrine of mutually assured destruction by that of mutually assured protection, in short, to render nuclear weapons powerless and obsolete.

This plan certainly fulfills the hope of a large section of American public opinion. It opens up the only way to deliver the American people from the threat of intercontinental missiles; it enjoys the unreserved support of all those who, for political or industrial reasons, are anxious to increase the defense effort; it is presented as a response to the wishes of the "new frontier" movements; thus, after the conquests of the West and of the moon, it presents a new challenge in keeping with American society's ambitions. I think that in a way this plan seems to have more to do with ideology than with the strategic concept.

The hopes aroused by President Reagan's speech were based on the promises of new technologies, like beam weapons, but also on the expected progress in many spheres like electronics, optronics, and computers. On 6 January 1984, President Reagan decided on a research program aimed at a better appreciation of the possibilities of building an effective strategic defense system. It is only in 1990, at the end of this program, that the curent U.S. Administration's hopes will be justified or dashed.

Faced with such a doctrinal change, it is legitimate to question its realism: Is it a technological illusion or an irreversible break with the past, as the advent of the nuclear age was?

I do not want to judge in advance the results of studies and research carried out in the United States. There can be no question of underestimating the qualities of the research workers and the determination which is motivating them; I am sure that they will carry out remarkable experiments which, despite their incomplete character, will be political events. Remember: Last year a ballistic missile was intercepted and, this year, a missile fired from an F-15 plane destroyed a satellite and a laser beam pulverized one stage of a Titan missile.

So let us consider their studies likely to succeed, and look beyond 1990. To what extent and in what conditions can a strategic defense system be established? What problems will Europe and France have to face? What arms policy should we now implement?

The establishment of an impenetrable defense shield is now not very credible; the complexity of such a system is obvious to everybody; it will have to include several lines of defense, including the famous space component, responsible for destroying ballistic missiles from a great distance; it must be capable of detecting the launch of the missiles, eliminating false alarms, and pursuing and destroying its targets at a distance of several thousand kilometers; it will use many satellites of all types: warning, tracking, and identification, and communications satellites, and finally satellites carrying beam weapons. Only a whole chain of satellites will be capable of providing permanent cover of launch sites and the oceans; the most optimistic assessments make provision for several hundred, in other words around 10.000 metric tons in orbit and $1 trillion in investment, or 20 percent of the annual U.S. defense budget for 15 years!

But it will not be enough to set up this system, it will also have to be maintained: One expert has calculated that one launch every 2 weeks would be necessary just to carry out this task.

What credibility could such a defense system have? It is impossible to test its efficiency in real operational conditions or to discover its vulnerability with certainty. However, there many means of penetrating it: nuclear attacks, antisatellite weapons, and destruction by the enemy strategic defense system. Will it ever be possible to guarantee that no single nuclear weapon will escape it and result in the destruction of a big metropolis?

Finally, I would like to point out, that such a system will only be able to fulfill its mission if its reaction times are compatible with the strategic missiles' flight times. The few minutes it will have imply a completely automatic operation and activation without human intervention, unlike the present situation in which leaders have around 30 minutes to take a decision. This is a logical result which has never been accepted by political leaders or public opinions: It amounts to withdrawing power from men and giving it to machines; it is reminiscent of hit movies like "Doctor Strangelove" or "War Games."

Moreover, uncertainties about the real efficacy of a strategic defense system are implicitly recognized by the Americans in charge of the SDI program. In their view the establishment of an impenetrable shield can only be a distant objective; between now and then a defense system is a vital complement to the offensive forces; its main advantage is therefore that it creates uncertainty for somebody planning a counterforce strike and maintains a reprisal capability. This therefore leaves us where we started, with mutual assured destruction!

So, is France worried about the future of nuclear deterrence?

France thinks that the SDI is likely to result in a revival of the arms race, even though its aim is to end it. If there is one point in the Americans' argument which deserves to be explained, it is the one which heralds a reduction in offensive forces rendered useless by the development of defensive weapons. Defense systems have always been much more costly than offensive systems. If technological progress makes a defensive strategy financially possible, why should the same progress not benefit offensive systems just as much? The sword is always stronger than the shield. For instance, I would like to point out that the development of surface-to-air systems has not made aircraft obsolete!

Another great French anxiety is the appearance of areas of unequal security within the alliance. The space system, as almost all the experts admit, will be ineffective against the intermediate-range or short-range ballistic missiles which threaten Europe, not to mention the Warsaw Pact divisions and air forces.

Finally, there is reason to fear that the idyllic picture painted of the SDI might mislead Western public opinions, although there are still many unknown factors. The SDI research program weakens the consensus on the concept of nuclear deterrence. The transitional period of developing and deploying Soviet and American strategic defense systems will be a particularly critical phase for world security; neither of the two sides will be able to accept being overtaken by the other. Moreover, there is a great confusion in this sphere because the U.S. President recently admitted the need to share defense technologies with the Soviet Union, and then denied this through his spokesman, before proposing the idea again in a more ambiguous form recently.

Thus we have ahead of us several decades in which we will have to reconcile the need for nuclear deterrence and the hopes which public opinions pin on a strategic defense system; this will certainly spark off a conceptual crisis whose development cannot be foreseen, and eventually war could come into its own again because people would think that they could avoid the nuclear threat.

So what are France's answers?

With regard to the technological challenge, France has proposed the civilian-based Eureka plan to Europe. This plan should enable European enterprises to take up the technological challenge in a purely European framework. Nobody can reasonably believe in a balanced European participation in the SDI program; would such participation encourage the creation of European industry? Would it not instead aggravate natural competition? How could the difficult problems of industrial ownership be solved?

With regard to the political challenge, France has clearly expressed its concerns. The prime minister himself spoke to you about it; I will quote him: "Trying to base a strategic concept on remove technological possibilities is dubious. Above all it is dangerous to devalue what will form the very foundation of our security for a long time to come, namely nuclear deterrence."

In June 1984 France put forward practical proposals at the Geneva disarmament conference aimed at banning the deployment of weapons in space. It regularly warns the international community against the dangerous character of this new arms race, against opportunist interpretations of the 1972 ABM treaty, and against anything which might look like incitement to violate it.

Finally, with regard to the military threat, however the American position develops, the SDI is likely to lead to a strengthening of Soviet defensive programs. Are we capable of responding to this, of maintaining the credibility of the French nuclear deterrent?

The more the two superpowers emphasize strategic defense programs, the more the penetration capability of our missiles will become the fundamental criterion for the credibility of our deterrent force. However, the technical and financial efforts involved in maintaining our penetration capability cannot be compared with the colossal investment necessary to build a strategic defense system; in this sense deterrence of the strong by the weak also applies from a financial viewpoint.

That is why I have decided to continue and extend the program launched last year to enhance penetration. Its ultimate aim is to counter the most immediate and most serious threat: That of terminal ABM defense systems. The program which has been started will be both continued and diversified; it will have to respond to all the countermeasures likely to be taken by the enemy. That is why I asked the Atomic Energy Commission's [AEC] military applications department to set very ambitious objectives for the miniaturization of nuclear warheads for 1994--the date when the new generation of nuclear missile-launching submarines comes into service. The AEC thinks it possible to develop virtually invisible warhead by then. The M4 missile was an initial major step forward, and we must not slacken our effort.

With regard to space defense, studies are already under way in the customary channels: hardening of missiles, saturation of defenses, implementation of means of neutralizing or even destroying them, and finally the development of new weapons systems.

Remember that, despite the constraints resulting from their miniaturization, our nuclear warheads can resist close, megaton-yield nuclear explosions just as well as the extreme physical conditions they encounter when they re-enter the atmosphere. We could provide our missiles with similar protection to effectively protect them against laser weapons.

We will also examine the possibility of using missiles to exhaust enemy defenses. We will pursue studies on blinding radar by using nuclear explosions. Finally--and this is not the least important measure--we reserve the possibility of developing a new weapons system aimed at overcoming a possible Soviet strategic defense system in space in the light of the conclusions reached in the work on the SDI in 1990.

France would like such efforts to be unnecessary; it is not threatening anybody but it must remain vigilant because it cannot accept the undermining of its defense policy.

The Prevention and Control of Crises

The relative strategic stability in Europe, linked with the existence of the nuclear deterrent, must not make us forget the precarious nature of the international balance; recent and current crises and conflicts are a tragic illustration of this.

Confrontations have shifted to the fringes of the developed world; they take on increasingly elusive forms each day; decisionmaking centers and elements of instability are increasing; the developing countries are becoming the main stake in East-West rivalry. The risks are further aggravated by the race in sophisticated weapons in which many Third World nations are indulging. Furthermore, it is impossible to avoid the dangers of nuclear proliferation. Finally, industrial societies are seeing their economic vulnerability increase.

In this constantly changing world, France does not intend to abandon its political, cultural, and economic role. It is not indifferent to anything which happens in the Mediterranean, Africa, and the Middle East because history has given it responsibilities which it does not intend to shirk. The missions it agrees to fulfill there are in keeping with its ideal of peace, justice, and freedom. The East-West confrontation should not make people forget the urgency of North-South dialogue.

Unlike those who all too often aggravate the conflicts in the world, France wants to work to ease tensions. World stability demands that young Third World nations be able to develop in freedom and peace; they must therefore be free from bloc politics. That is why France will keep its promises to states to which it is bound by cooperation and defense agreements--the only precondition for its assistance being respect for human rights.

France must also preserve its sovereignty in its overseas departments and territories and guarantee the safety of its nationals living abroad. Finally, it must ensure its freedom to trade and protect its supplies of raw materials and energy products.

For all these reasons France is forced to have an overseas action capability.

The control of crises is a delicate task. There must first be a relevant diagnosis of the nature of a crisis and what is at stake in it; second, there must be accurate information about the protagonists and their actions; finally, it must be possible to make skillful use of force, adapting it to the political goal sought; to show strength while being able to adjust that strength.

Safeguarding the freedom to make political decisions requires accurate monitoring and tracking of military action in real time. The military handling of a crisis should be closely governed by political will; thus a permanent and effective liaison between the political and the military is necessary.

Our will to take overseas action presupposes a coherent strategy on the means available. Indeed, France is anxious to have a very varied range of forces and means; this strategy hinges on forces deployed in advance and on intervention forces, the Navy, the Rapid Action Force [FAR], and the air component, not forgetting modern surveillance and communication means.

I cannot overemphasize the Navy's crucial importance: its ability to show strength at low transportation costs makes it extremely valuable. The Navy makes it possible to extend France's influence since it uses an international space for our country's benefit, namely the sea; as you know, outside territorial waters the movement and stationing of naval forces are not subject to any constraints and do not necessitate any negotiations with the countries in a vicinity.

According to the context, a fleet deployed near the coasts of foreign countries is a friendly presence or an ostensible threat according to the context. Its ability to remain near hotbeds of tension in the world for a long time makes it a preferred tool in times of crisis. The variety of missions it can fulfill, especially using onboard aircraft, give it a flexibility of use which is suited to the political settlement of crises; it effectively remedies the lack of support bases.

For instance the aircraft carrier, a mobile air base, can maintain air superiority, the projection of strength, and ground support capabilities both at sea and deep inland; it provides the FAR with the necessary protection and support for its involvement.

I will not dwell on the FAR. As you know, it was created in 1983 to group all the Army's available resources capable of intervening very rapidly outside our borders. It has been operational since last summer. It is the preferred tool for initially demonstrating our political will in the field and, as a last resort, for use against those who threaten any of our allies.

In addition, ground-based aircraft, particularly the tactical Air Force, can play an essential role when the acuteness of a crisis requires the government to make an immediate, high-level military response. It has the advantage of being able to take off and operate very rapidly.

The Navy takes longer to deploy unless it is in position already. On the other hand it has the advantage of not actually involving the national territory. In addition, it gives the government a broad range of options in how to give a political signal; it makes it possible to show our determination and then use force gradually and in a carefully controlled way.

land, sea, or air actions are the extreme phase of a crisis; the use of the Navy makes it possible to avoid reaching this stage or at least enables us to delay the physical engagement of our forces for as long as possible.

However, it is appropriate to adapt our means to the development of the threats. Technological progress in the arms sphere enables some countries to equip themselves with fast patrol boats which are difficult to detect, are equipped with sea-to-sea missiles, and present a daunting threat in coastal waters. Their low cost makes it possible to buy a large number, and it does not take long to train the crew.

Only airborne means like maritime patrol aircraft and carrier-borne aircraft and helicopters can provide the appropriate level of vigilance.

The aircraft carrier therefore proves vital to our overseas action. The government has included in the 1986 budget the resources for starting work on the nuclear aircraft carrier intended to replace the "Clemenceau." I would like to take this opportunity to stress the completely new nature of nuclear propulsion, which increases the possibilities for availability and for staying at sea out of all proportion with any other method. It is clear that a second nuclear aircraft carrier absolutely must be ordered in 1989.

What is more the Navy can also be turned into a latent and diffuse threat. For instance, by the autonomy and agility conferred on it by nuclear propulsion, the nuclear submarine considerably extends the crisis area and radically alters its climate: In blocking action by enemy navies, it has a deterrent efficacy which, in a crisis situation, extends the freedom of action of our forces. Remember, for instance, the Falklands war: The mere announcement of a British nuclear attack submarine forced the whole Argentine Navy to remain in port. This made it unnecessary for Britain to conduct an air battle and a sea battle at the same time.

This is why France has launched a major nuclear attack submarine program: The 1986 budget makes provision for ordering a seventh nuclear attack submarine; two more will have to be ordered in the next few years.

A show of strength is the key point in controlling crisis. The combination of an obvious force like the nuclear-powered aircraft carrier and a very discreet threat like the nuclear attack submarine will give our overseas force an exceptional deterrent capability.

Finally, I regard the programs aimed at protecting our ships. Particularly against the threat of sea-to-sea and air-to-sea missiles, as a priority. That is why I have speeded up all development of missiles and jammers--techniques in which our country is one of the most advanced.

France now has the third-biggest Navy in the world. Of course, it cannot aspire to compete with the United States and the Soviet Union, but it is capable of fulfilling its responsibilities in the world, with its perfectly balanced composition.

In addition, the monitoring of crises requires the use of information-gathering and communication means. In this connection satellites seem to be vital tools for our ability to take independent decisions. Our armed forces are already capable of communicating among themselves and with the political authorities using the Syracuse network's Telecom 1 satellites. This system, which will be fully operational in 1986, makes it possible to cover Europe, the Mediterranean, the Middle East, Africa, the Atlantic, and part of the Indian Ocean. France must continue its efforts in this sphere: a decision will be taken next year on the development of the Syracuse 2 program, which is intended to take over from the Syracuse 1 program.

Nonetheless, the need for information and monitoring in times of crisis cannot be based solely on means of communication; observation satellites are also vital. The government has made provision in the 1986 budget for launching an optical observation satellite program. I will remind you that this satellite has been named Helios, which in Greek mythology was regarded as the eye of the world.

Space has therefore become an essential dimension of strategic relations; but for France the aim is not to transform space into a place of conflict: It should be a place of peace and security, and we believe that the maintenance of our status as a great power depends on the peaceful use of space.

As we have seen, overseas action implies the coordinated use of naval, land, and air forces and of means in space. That is why i would like you never to lose sight of the following ideas: The efficacy of the individual action of each branch of the armed forces can only take on its full dimension if it is carried out in the spirit of the armed forces as a whole. The various spirit of competence and the means deployed are clearly complementary; this makes it necessary constantly to seek coordination and consistency at all levels of the military hierarchy.

These are a few aspects of the directions our defense policy will take in the future. It is up to you to continue this thinking and add to it: Show imagination and boldness; I am convinced that your contribution will be rich and original. I hope that you will remember the main ideas which formed the backbone of this necessarily brief talk; France must remain in control of its destiny; technological progress will not make nuclear deterrence obsolete for a long time, and mankind must continue to shoulder its responsibilities, in other words, essentially, choose between the apocalypse and peace. France will do everything in its power to ensure that the choice of peace continues to be imperative.

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CSO: 3519/98

HERNU INITIATES MILITARY STUDY GROUP

Paris LE FIGARO in French 10 Dec 85 p 8

[Article by Pierre Darcourt: "Hernu Inaugurates the GERMES"]

> [Text] Yesterday, the former minister of defence launched his Group for Military and Strategic Studies and Reflection bringing together men of all political leanings.

A dark street in a working-class neighborhood of the 14th arrondissement, two CRS [Republican Security Companies (State Mobile Police)] agents in black shirts, a 505 Peugeot unaccompanied by a motorcycle policeman and parked in front of a repointed and repainted building, a polished wood door on the fifth floor, opening on four rooms with flower arrangements, a buffet and two waiters in tuxedos. Here, yesterday evening, before 50 reporters or so, Charles Hernu, former minister of defence, inaugurated the headquarters of the Group for Military and Strategic Studies and Reflection (GERMES) of which he is the chairman. "The GERMES," the former minister stated, "is not a fan club. It started with the 20,000 letters that I received after I resigned. Created 2 months ago, the group has already nearly 2,000 members."

At Charles Hernu's side, suntanned and smiling, the vice chairman, General de Benouville, companion of the Liberation and RPR [Rally for the Republic] representative, and General Glavany: was this an indication of a desire to cohabitate?

The GERMES is not a militant political structure. It will not publish any study or proposal before April 1986, so as not to interfere with the election campaign. "But," he explained, "men motivated by the security of France, of Europe, in the international context, may work together. No one has a monopoly on patriotism."

Answering a barrage of questions from reporters, Charles Hernu remains calm and at times elliptic: "When I was minister, I would administer; now, I am reflecting... I am not here to criticize, but to support..."

"For 25 years, I ploughed a furrow for defence in the opposition... dissuasion, preserving the draft... coherence of the armies."

Turned To the Future

He does not intend to start a polemic with his successor who is responsible for a weighty and important department. "It would be awkward and unsound."

No useless confidence either. "Are there socialist ministers in the GERMES? The question is indiscreet."

Asked about his increasing popularity in public opinion, Charles Hernu retorts with detached assurance: "You are telling me that I am increasingly popular? It does not bother me, but I am not going to get too big for my boots!"

The group does not lack work or matter for reflection: the U.S. strategic defense initiative, the Reagan-Gorbatchov negotiations, the North-South dialogue.

Two contrasting images are superimposed over each other in the reporter's minds. Paul Quiles, a Polytechnic School graduate, tall, thin and cold, the new minister of defense, and Charles Hernu, the old one, a self taught and good-natured republican. Why is Hernu popular? "First, because he has saved us from the worst," a general in civilian clothes, officer of the Legion of Honor, murmurs, "and because he has tried to safeguard the essential."

Charles Hernu, at any rate, made a point of indicating what his intentions were: "I was minister of defense and very proud of it. But I am not a veteran from that ministry. I am not going to dwell on the past with nostalgia. What counts is the future and the support which we all owe to the country's security."

9294
CSO: 3519/75

ARMS INDUSTRY SEES INCREASE IN EXPORTS

Public Sector Dominates Industry

Paris LES ECHOS in French 19 Nov 85 pp 5-6

[Article by Didier Pavy]

[Text] It is difficult to pinpoint any weapons industry because of the diversity of its products ranging from cannon powder to state-of-the-art electronics. Concentrated once more through the resolve of the state, in France it has reached a level of competitiveness enabling it to be particularly noteworthy on the international markets. Boosted by the sharp increase in arms expenditures in France and the world in the past 15 years, it involves directly in this movement a sizable portion of French industry that it benefits with the results of its research as well as the capital earmarked to the development and purchase of equipment for our armed forces (71.1 billion francs in 1985 and 275 billion francs for the next 3 years).

Destroyed during World War II, reconstituted on new bases after France's liberation, the French armaments industry has since become concentrated around a few major dominant groups--Thomson, Aerospatiale, AEC [French Atomic Energy Commission], SNECMA [National Aircraft Engine Design and Construction Co.], Dassault, MATRA [General Mechanical Aeronautics Co., Propulsion Section]--largely controlled by the state following a series of nationalizations initiated in 1936 and completed in 1982.

This pattern seems to have been successful for the French industry since its production represented in the early 1980s some 6 percent of an aggregate world total estimated at that time at over 1 trillion francs.

Such high level of activity underlay in fact the boom on arms outlays in the world, expenditures which reached 1.4 trillion francs in the corresponding period and which exploded from the early 1970's on, witnessing a 200 percent increase in current francs between 1973 and 1983. This boom also provided a strong impetus to French production and the latter, increasingly bolstered along by exports (2.7 billion francs in 1970 and 23.4 billion in 1980, that is, a jump of from 20 to 40 percent in the sector's aggregate sales), saw a privileged development during these past 10 years with an annual growth averaging 6 percent in a nondescript economic environment.

In 1984, a peak year for French industry, foreign armaments orders even doubled compared to the earlier year, rising from 29.1 to 61.8 billion francs. Arms shipments in export followed the trend that same year and rose from 28 to 37.1 billion francs.

Since the nationalizations of 1982 the share of the public sector in armaments has represented under 95 percent of sales in the arms industry whose activity is shared essentially by the public enterprises, the French Atomic Energy Commission, and the arsenals of the General Delegation for Armament (DGA). The overall activity of the French armaments industry is furthermore increasingly concentrated in the highly technical aeronautic and electronic sectors.

The aeronautics and space sector, which employs over 81,000 individuals in the armaments industry and represents 37 percent of the aggregate activity of this sector in France with total sales of 60.3 billion francs (of which 64 percent represents exports), heads the list of most productive activities. But the widespread presence of electronics among military materiel--which helps to generalize the concept of an "arms sector"--has resulted in the growth of a sector which accounts for 25 percent of the aggregate arms activity in this industry overall.

In terms of value, in 1950 electronics represented no more than 5 percent of the cost of an aircraft; today it may account for 50 percent of the plane's total cost. Ground weapons (18 percent), naval construction (10 percent), nuclear weapons (5 percent), and miscellaneous activities (mechanical industries, ammunition, powder, and explosives) complete the range of French products.

Thomson: Electronic equipment, detection, weapons systems, communications, ground weapons and aeronautics, and ammunition represented 15 billion francs of military sales in 1983 of which 60 percent were exported, that is, 30 percent of its aggregate activity.

Aerospatiale: Troop transport and training aircraft, subcontracting for Dassault, helicopters, missiles, tactical and strategic nuclear weapons represented 14.5 billion francs of military sales in 1983 of which 50 percent were exported, that is, 60 percent of aggregate activity.

Dassault: Combat and surveillance aircraft for 12.3 billion francs in military sales in 1983, of which 70 percent for export, that is, 90 percent of aggregate activity.

Atomic Energy Commission: Static and strategic nuclear payloads and nuclear fuel for 6.4 billion francs in military sales, that is, 50 percent of aggregate activity.

SNECMA: Aircraft engines for 5 billion francs in military sales of which 60 percent for export, that is, 75 percent of aggregate activity.

Arsenals:

1. The Directorate of Naval Construction (DNT): Warships and paranaval equipment for 12.5 billion francs in sales of which 5 percent for export.

2. The Industrial Group for Ground Armaments (GIAT): Armored vehicles, battle tanks, cannons, ordnance and individual weapons for 7.5 billion francs in sales of which 40 percent for export.

MATRA: Very short-range air-to-air, sea-to-sea, and ground-to-air missiles, antirunway missiles for 4.2 billion francs in military sales of which 75 percent for export, that is, 40 percent of the group's activity.

SNPE [National Company for Powders and Explosives] producing powders and explosives, Electronique Serge Dassault producing aeronautical electronics, SAGEM [Company for General Applications of Electricity and Mechanics] for navigation and guidance systems, TURBOMECA for helicopter engines and Infantry Reconnaissance Vehicles (armored vehicles) constituted, together with the major groups cited above, the aggregate of French enterprises realizing over 1 billion francs in sales a year (in 1983) in arms activity.

A sector calling for high professional qualifications (50 percent of those employed are engineers and technicians), the arms industry has absorbed over 30 percent of the national budget devoted to research and development since 1978 (see table below). In 1983 the sector gave direct employment to nearly 310,000 workers (as against 270,000 in 1974, that is, some 1.3 percent of the economically active population and 6 percent of those employed in industry (excluding construction and public works).

The number of indirect jobs in the sector accounts for some 1.5 million workers. The French arms industry also provides for the maintenance of an industrial network of from 10 to 20 percent of jobs in some French regions which are among the most underindustrialized.

Discrepancy Between Order, Deliveries

Paris LES ECHOS in French 19 Nov 85 p 5

[Text] The date on the sales of armaments for export are subject to questions.

They contain discrepancies depending on the various data-collecting institutes--which is normal since the parameters of military activities are fuzzy--so that there are discrepancies in the figures even within the same country.

The sales of arms considered by the Ministry of Defense never tally with those of the customs office, which undoubtedly provides more reliable statistics.

An inquiry by SCIENCE ET VIE (November 1985 issue) stresses these various contradictions. A particularly large one has been observed: Data relating to the orders and deliveries announced are completely out of kilter. This is normal for a short time frame since the major arms contracts involve deliveries spread over several years.

But the cumulative differences over the years reached 133 billion francs in 10 years! It is clear that a large number of major orders announced have been vastly overestimated. This is the result of doctored figures and disinformation, for the media are often tempted to stretch facts. Thus, there should be an incentive to measured response and prudence.

French Arms Production and Exports 1970-84
(in billions of French francs)

Years	For French use	For export	Total	Percentage exported
1970	11.6	2.7	14.3	19
1971	12.0	3.0	15.0	20
1972	12.7	4.0	16.7	24
1973	14.9	5.2	20.1	26
1974	15.8	6.7	22.5	30
1975	17.5	8.3	25.8	32
1976	19.5	11.6	31.1	37
1977	21.1	14.7	35.8	41
1978	25.4	17.3	42.7	40
1979	30.1	20.5	50.6	40
1980	35.3	23.4	58.7	40
1981	41.3	28.5	69.8	41
1982	46.6	28.9	75.5	38
1983	53.0	33.1	86.1	38
1984	56.4	41.9	98.3	42.6

Source: Ministry of National Defense

French Arms Orders and Deliveries 1975-84

Years	Orders	Deliveries according to the Customs Office (in billions of French francs)	Cumulative discrepancy
1975	16.6	3.8	12.8
1976	17.2	6.4	23.6
1977	27.1	7.8	42.9
1978	23.2	12.4	53.7
1979	25.2	12.0	66.9
1980	37.3	20.1	84.1
1981	33.8	26.3	91.6
1982	41.6	26.1	107.1
1983	29.1	28.0	108.2
1984	61.8	37.1	132.9

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CSO: 3519/73

MILITARY FRANCE

AIR FORCE AERIAL LOCATION SYSTEM DESCRIBED

Paris AFP SCIENCES in French 21 Nov 1985 pp 28-29

[Article: "The SARA System of Aerial Location of Enemy Tanks"]

[Text] Strasbourg--While the Army is using RITA's [expansion unknown] ears for its communications, the Air Force now can rely on SARA [Air-Transportable Station for Aerial Reconnaissance] to spot, locate and identify enemy tanks or concentrations in less than a quarter of an hour, i.e. a time sufficiently short to definitely destroy these objectives.

SARA is neither a secret weapon nor an experimental project. The 33rd Reconnaissance Wing, one of the major units of the Tactical Air Force (FATAC), has been using it since 1984.

Developed for the Air Force by MATRA [Mechanics, Aviation and Traction Co.], the station consists of eight cabins equipped with data-processing hardware, which can be carried together with their generator by a C-160 "Transall." The system can therefore be transported immediately to the zone of engagement of the FATAC, in Central Europe or overseas.

Like any computerized system, SARA is not spectacular per se and, for those who are not familiar with it, the real-time transmission of intelligence requires an effort of imagination. Yet, it is an important progress in a field in which the transmission and interpretation of an aerial photograph used to require at least one hour.

For example: two Mirage F1-CR fly at very low altitude over the runway of the Strasbourg air base. Less than 3 minutes later, the laser printer in the SARA transmission cabin starts restituting the panoramic photograph taken by one of the two aircraft. The picture of the runway is clear and contrasted: even a non-specialist can identify the hangars and grounded aircraft.

Data printed at the edge of the picture by the Mirage F1 equipment show the time when the picture was taken, the position and inclination of the aircraft as well as the geographic coordinates of the photograph.

Thanks to these data, a rapid-interpretation expert working from the adjacent cabin can read and identify the photo on a pair of screens: the left-hand screen shows an enlargement of the photo around a given point of interest; the right-hand screen shows the captioned map contained in the computer memory, on which the exact location photographed can be pinpointed.

Still electronically, the interpreter captions the photograph: "tanks," "missiles," "PC [personnel carrier] trucks," and the caption is printed on the final negative which is thus fully digitized: from the time the photograph was taken, it takes exactly one quarter of an hour to produce a precise document showing potential objectives.

SARA and the Mirage F1-CR actually form an indissoluble pair. The F1-CR, which was used to equip a first squadron in 1983, is truly a flying computer, the first digitized weapons system: all data are integrated into the inertial SNAR (Navigation, Attack and Reconnaissance System).

In the previous system, with the Mirage III, the process is much slower. After the order to reconnoiter an objective has been received, it takes 15 minutes to plan the mission, 1 hour for the pilot to prepare it, and a flight of 15 minutes on the average until the photograph is taken.

Therefore, the response time for the three-stage "mission + collection + interpretation" is 2-1/2 hours, time enough for a mobile objective to go away. With SARA, the information is not "older" than 15 minutes and the response time of the system does not exceed 50 minutes. The aircraft does not even have to come back; all it has to do is get away and rise higher in order to transmit.

9294
CSO: 3519/75

BRIEFS

ELECTRONIC TANK CONTROL--The Directorate of Land Weapons just awarded to CGA-Alcatel, of the CGE [General Electricity Company] group, a contract to study an electronic servo-system designed to equip a tank turret powered by an electric motor. The goal of the study is to achieve fine stabilization of the tank weapon so that it can be fired during motion and so that the interference resulting from the movement of the machine will not affect hit accuracy. The techniques implemented in this study include the use of an ESD [Serge-Dassault Electronics] UI-2004 data-processing unit derived from the Mirage-2000 computer. [Text] [Paris AFP SCIENCES in French 21 Nov 85 p 34] 9294

AIRCRAFT-CARRIER TRANSMISSION SYSTEM--As part of the evaluation studies of the internal transmission system of the future French nuclear aircraft carrier, the Directorate of Marine Engineering of the Ministry of Defense awarded the construction of a prototype to CGA-Alcatel. The system contemplated will be used to service several thousands of user stations within the ship, and it is based on the use of a redundant wideband fiber-optic network. It represents a new generation of transmission networks on board ships. Through its technology, its capacity, its throughput rate, its reliability and its ability to withstand any aggressions that might result from a traditional or nuclear conflict, this system appears to be the only system capable of meeting the future requirements of the French Navy's nuclear aircraft carrier. [Text] [Paris AFP SCIENCES in French 21 Nov 85 p 34] 9294

CSO: 3519/75

REJECTION OF GREEK-AUSTRIAN 'LEONIDAS' TANKS QUESTIONED

Athens ETHNOS in Greek 2 Dec 85 pp 24-25

/Article by Alekos Filippopoulos/

/Excerpts/ The great catastrophe of the Greek economy --as described, as a whole, by Greek politicians, in and out of government, both those in responsible and semi-responsible positions, by our economists who are graduates of the London School of Economics, Oxford University or Princeton University, by all of us specialists, those burdened with specific roles and missions, or those aspiring or hoping to replace those coming beforehand --is due to the fact that the Greek people are the ones responsible because they consume more than they produce, because they consume foreign instead of Greek goods, ranging from silk panties to French Roquefort cheese. All wise officials, both those in government and those in the government opposition, stop at this point. They feel that by casting responsibility on the people they have completed shedding light on the problem and have done their duty.

However, to what extent this dead-end issue is illuminated or obscured through the arrogant, elitist and hypocritical positions assumed by so-called unprejudiced professionals and specialists is rarely and fortuitously revealed when various events and situations tear off the veil of secrecy and come out into the open so as to disclose the disposal of the great mass of foreign exchange for the needs of the country.

Because, while the amount of foreign exchange that is used for silk panties, regardless of how justified they are for helping in artificially making the feminine body more seductive, is significant, is essence, the lion's share of foreign exchange is devoured by state supplies and equipment and big-time middlemen with their all-powerful branches in the state apparatus and with bribes and payoffs /several words illegible/ who know how, in every instance, to make firm the need for procuring supplies through free foreign exchange and to torpedo bilateral agreements and the creation of an industrial base and production base in Greece.

Two examples reinforce the above assertion and mask the heavy atmosphere, the frightful responsibility and the compound interests that are accumulating on this issue, namely the disposal of foreign exchange that leads to the assumption of successive loans with the result being the country's falling to its knees and the constant threat of the collapse of the economy.

The first example is the procurement of telephones from OTE /Greek Telecommunications Organization/.

The second example is a serial that has been going on for quite a few years and that reveals in a most marvelous manner the big business dealings around the most productive product known in the world. The product of war and blood. The product of military armaments.

Unfortunately, our country has been unlucky and has to confront a permanent, cunning and plundering neighbor. Thus, it continually has to make use of vast sums of foreign exchange to renovate its armaments and has to have its finger on the trigger to protect its territorial integrity.

In the last few years, efforts were made to set up several war industries with the objective purpose for saving money from the procurement of military materiel elsewhere. Also, so that the country might acquire technology in order that it might gradually be able to manufacture heavy weapons that siphon off the largest sums of the defense appropriations and, furthermore, so that our army might become free of the dependence on, and even of the control of, suppliers (primarily American).

Until now, however, the issue has been tangled up with such special cleverness in the webs of various spiders that it would take the skill of a Nat Pinkerton to unravel it.

Here is a small story with limited financial content but rather eloquent and revealing on what could be taking place behind the torrent of orders (representative of hundreds of millions of dollars) that are signed on a daily basis by the political authority of the Ministry of National Defense, blindly, since each successive minister, being unaware of the special requirements and needs of the military, is not in a position to counter the suggestions and special arguments of service personnel --military and other-- over the preferences and selection of military materiel.

There has been a 10-year exhaustive effort to establish in Northern Greece, together with the cooperation of, technology from and financing by Austria, a neutral country, of a domestic industry for the manufacture of a wide variety of civilian and military heavy and special vehicles.

As is known from international agreements, Austria is commited to building a heavy war industry. Since its technical base gives it this capability it called upon Greece to cooperate in the building of a similar industry with mutual benefits that would come from the meeting of Greece's military needs by domestic production resulting in the savings of foreign exchange and also in the export of materiel to third countries, primarily in the Middle East, that want to break out from their dependence on the big powers.

Plans for the building of the plant were implemented and after 5 years of arduous work a rapid, maneuverable caterpillar track battle vehicle (commonly called tank) was built, already well-known to the Greek reader as "Leonidas" from its many appearances in the press.

This tank was handed over to the Greek army for testing and after a series of evaluations it went on to compete with other tanks with which the Greek army was being supplied. The first thing to be done was to make a comparative evaluation of it with similar other ones; the American M-113 with which our army was equipped, and the French AMX-10 that was being offered to our army. The evaluation came up with the following results:

"Leonidas"	80 percent
AMX-10	63 percent
M-113	58 percent

As is evident, the comparison was overwhelmingly in favor of the Greek-Austrian tank. Anyone would have expected that the Greece state would hasten to enthusiastically make its choice in favor of mass construction of "Leonidas."

Indeed, even more so since it had already begun to be noted from various local wars, which had been supplied by the Americans, that the M-113 which, as has been reported in the press, is being generously supplied to the Greek army, is now gradually being withdrawn by all armies and by NATO because it is considered as an outdated tank and a death trap for all armies that have used it on the battlefield.

More specifically, the M-113 had been described in the last Lebanese war as a mobile coffin because after being hit by the very first mere artillery shell it turned into a giant fireworks display because its outer shell was made of aluminum and its size was unacceptable so that the 10 men it could carry automatically turned into flaming torches.

The reliable specialized American journal THE GLOBE AND MAIL (March 1985 issue) described it as being completely vulnerable and useless and it revealed that NATO had judged it to be a tank that had completely lost its credibility.

In the light of this sweeping disclosure, the Greek state was led in March 1982 to place an order for 100 "Leonidas" tanks co-manufactured with Austria. The provision was made to build 300 tanks, 200 of which would be purchased by Austria. This was an agreement that was unusually favorable to Greece since it assured the following for our country:

1. Gratis technology and technical assistance.

2. A 10-year production schedule of which the Austrians would have absorbed 35 percent.

3. The financing of the plan by an Austrian bank, with a 10-year term and 5.9 percent interest.

4. Payment in foreign exchange by the Austrians after each partial delivery.

5. Granting of permission for export to third countries.

6. Influx of foreign exchange from the development of the plan on a 10-year basis that came to 65 percent of the overall budget.

With this agreement it was at last certain that the suppliers of the M-113 (and also other unidentified materiel) would withdraw their proposals for the supply of this worthless American tank to Greece because it was evident that they had lost ground. And yet their concern that this was the beginning of the end for them because of the Greek purchase actually led them to act in a cunning manner. M-113 tank representatives showed up at the Greek military and requested to work together. They proposed repairing a few hundred M-113 tanks that they would have transported from various countries.

Thus was created some "mix up" and a cause for a "freeze" on the construction of and order for the "Leonidas" tanks by Greece. Also, the investment of 300 billion drachmas that had been made for this purpose remained unutilized.

Then, suddenly, an alleged unexpected need for the Greek army arose. Responsible officials hastened to sign agreements for the purchase of another 100 M-113 coffins at a time when no other nation was doing so.

Already, the suppliers had once again succeeded in their goal.

However, they had not quieted down nor had they been satisfied enough, so they were going to come back again.

When after a short period of time (less than a year), "Leonidas" No. 2 came out of the Greek-Austrian factory, a tank that was more perfected than the first because it was a maneuverable battle tank and not only a transport one, our army tested it and expressed its enthusiasm over it. The mechanized units of Northern Greece used it extensively under the most unfavorable weather conditions and in their official reports they clearly came to the conclusion in a few months that "Leonidas" completely satisfied the operational requirements of the Greek army.

However, once again, in vain. The suppliers of the "coffins" hastened to strike again. First of all, they offered 60 M-113's, at a better price now (i.e. just like selling rags as remnants during seasonal store sales), endeavoring to strike at the "Leonidas plan." At the same time, they proposed to the Greek factory that 275 M-113 tanks be brought in from Europe for repair, namely changing the engine fuel system.

"Here, we will bring you work," they said, with exceptional opportunies for cooperati

Of course, they lied because the repair of the M-113's had each been evaluated to cost 350,000 drachmas but freight itself cost 2 billion drachmas and, of course, the decision to pull them back from "the fronts" was altogether detrimental.

However, their goal was something else. To fight, once again, local production and to serve foreign interests from whom middlemen obtained significant sums.

What has been written above constitutes just the surface, the covering, whatever can be guaranteed to have a case come out into the open, with dimensions that go beyond the daily small-time interests and conceal the methodology of intrigues and undermini techniques, while at the same time it is proven that it is impossible to neutralize them.

Similar state dealings are today being inflicted on all peoples on a greater and greater scale, they dominate over the people in order to influence their fate, their progress or their misfortune.

Behind each case, cold, impersonal and most usually fabricated case to resemble an entanglement, are hidden the instigators, the persons, the groups. Many times they all together constitute a bond, while in other instances they exist cut off impermeably from one another. Regardless of how an enterprise is organized, it rarely is impaired or suffers breakage. It is so well organized and spurious because of its foundations built by specialists that it is certain that any journalistic investigation, if it should undertake penetration, would find itself faced with a labyrinth of machinations and entangled facts that would lead to a futile or impossible situation. This situation would prevail even more so if the investigation were to be undertaken through direct inquiries to the protagonists. Then the deception is far from certain. The only hope then is leakage of facts from surrounding or casual incidental facts.

A similar casual incidental fact reinforces this entire peculiar matter, namely the continuous supplying of the Greek army with M-113 coffins. Last September, Syrian Deputy Prime Minister and Minister of National Defense Mustafa Talas visited Greece on an official invitation. In talks that were held the Syrian deputy prime minister expressed special interest in the purchase of military vehicles by his country. His interest was felt to be so keen that he requested that the possibility for placing an order for military materiel specially built for Syria in Greece be seriously discussed.

Joint Syrian-Greek ministerial meetings were held which were attended by Austrian officials and specialists. During the meetings the subject came up regarding the capability of building caterpillar track vehicles and other materiel thanks to Greek-Austrian cooperation, the fact that construction would be done in Greece with guarantees given by Austria.

The Syrian official particularly hailed this news and it was then decided that the issue would be pursued through contacts with lower level government officials and experts. In fact, the get-together and the informal agreement was sealed with a cruise into the Aegean.

Immediately after the return of the Syrian deputy prime minister to his country, the Greek Embassy there was informed by the Syrian Government and was requested that proceedings begin that would lead to the signing of an official agreement. In fact, the Greek Embassy in Syria immediately sent a telegram to the Greek Ministry of Foreign Affairs in which Syrian interest in obtaining the "Leonidas" tank was expressed. Several days elapsed but no answer was forthcoming. The embassy sent another telegram describing Syrian interest in the tank but silence was maintained by the Greek side. The matter was forgotten and proceedings on implementation were frozen.

We do not know if officials had decided to take a stand against this revealing piece of published information or to follow the method of the mute.

What we do know, however, and this constitutes a frightful question, is the fate of bilateral agreements that have been concluded in the past few years with Arab and other countries, such as Yugoslavia, Bulgaria, Hungary, Canada, etc.

Have they begun to be implemented, are they being handled on an equal basis or have they been frozen from a lack of interest by the Greek side? Is a new political outlook to blame or is it the sleight of hand by intriguers, bribers and those accepting bribes who are afraid that if bilateral agreements should function then that will be the beginning of the end for them?

And if bilateral agreements should not be implemented, should an explanation perhaps be given as to why they were concluded and, additionally, what other ways our economists, those who hold so many degrees, have in mind to reduce our foreign exchange deficits?

Answer, we pray, before we come back again.

5671
CSO: 3521/63

MILITARY GREECE

INTERPELLATION IN CHAMBER ON ARMS THEFTS

Athens MESIMVRINI in Greek 29 Nov 85 p 4

/Text/ An interpellation in the Chamber of Deputies by ND Deputies Th. Alexiou, P. Panourgias, S. Gikas, Khr. Fotopoulos, Al. Papadoggondas and I. Spanos refers specifically to the great concern of the people over the bloody acts by terrorists, linked to the many cases of theft of arms and military materiel from various military units. At the same time, they question what steps are being taken for the internal security of the military following the repeated cases of insubordination that have been reported.

In their interpellation the ND deputies make note of the following:

- On 12 April 1985, arms thefts from an engineer unit at Toxotes, Xanthi, was reported.

- On 16 Aoril 1985, an entire arms cache was found in the home of a soldier, Emmanouil Papouras, in a town in Rhodes. Papouras, who was a warehouseman in a military unit, had stolen a 45 mm caliber pistol, 2 knives, hundres of cartridges, 20 detonators, 6 flares, PAO /as published/ cases, 1 anti-tank shell, 1 remote-controlled explosive device, diving suits, etc.

- On 21 April 1985, a soldier by the name of Konstandinos Natsos and two civilians, Ar. Mikhalis and I. Langadas, were arrested on Patision Street because a revolver, 3 offensive hand grenades, 53 cartridges (as well as another 43 in Langadas' home), fuses and a quantity of dynamite was found in their automobile.

- On 25 November 1985, pistols were stolen from the transport vessel Evros that was in the Salamis shipyard. It is believed that they were stolen by members of the illegal organization "Democratic Fleet Brigades."

5671
CSO: 3521/63

NAVY CHIEF COMMENTS ON SUBMARINES, COASTAL DEFENSES

Stockholm SVENSKA DAGBLADET in Swedish 15 Nov 85 p 10

[Article by Roger Magnergard]

[Text] Harnosand--The navy chief, Vice Adm Bengt Schuback, is traveling throughout the country and speaking in plain language with his officers about the submarine violations.

The trip actually has been planned for some time as an inspection trip, to see what the navy has lost because of its intense antisubmarine effort, but the recent debate has added another element to his program: a military analysis of the submarine reports.

"I agree with the prime minister's assessment that everything that should be made public is being made public," Schuback said.

In this regard, he disagrees with the navy officers, under the leadership of Com Hans von Hofsten, who claim the opposite is true. Schuback said that his officers should not make statements concerning relations with foreign powers. Those are political issues that should be dealt with by the politicians.

Everyone's Right

"On the other hand, everyone is free to talk about anything else. Everyone has that right in a democracy."

Still, the navy chief admits that he has some understanding for the concern and frustration felt by officers who chase submarines. The situation is often crystal-clear to those who are on the spot, even though a closer examination may show that the situation is completely different.

On his trip to all naval bases and coastal artillery regiments, Schuback has detailed reports on all violations in 1984 and 1985.

"This is previously classified material," Schuback said. "Now I can explain why we may have dismissed one reported violation, but judged another to be real."

The navy chief will not release any details from this material, but officers who have gone through the material have been satisfied.

"The important thing is that they believe in the system," the navy chief said. They understand that only the hard boulders, not the gravel, are taken seriously."

'Water Movements'

Several miles to the south, outside the harbor in Sundsvall, his forces have been searching since last Monday for what could be foreign underwater activity.

"Several civilians saw some strange water movements in the harbor," the navy chief said. "Their report was of such substance that we began to patrol the area for additional confirmation of such activities."

Submarine Exercise

"The strange thing is that we had planned an antisubmarine exercise in Sundsvall for precisely this time," Col Karl-Wilhelm Hansen, chief of KA5, said. "We got off to a fast start. Our men were soon ready and in their positions."

"This alarm illustrates the dilemma of the man in charge of the Norrland coast," Bengt Schuback said. "He is responsible for 1,000 km of coast and has one lousy patrol boat at his disposal."

Too Few Units

The navy chief stressed that the material he has is good from a purely technical standpoint, but that too few units are available. As the situation stands today, the navy can defend only one, or at most two, areas if there should be a crisis or a war. These positions would be the southern coast and the Stockholm Archipelago. The coast of Norrland and the west coast would be left unpatrolled.

"Our politicians are aware of this and they are perhaps even more aware of this after the recent public debate. Now I can only hope that they will not be too passive in the 1987 defense resolution, but will provide us with enough resources to maintain an acceptable level of defense along all our boundaries.

'Entire Country Defended'

"I disagree totally with the idea that we are not defending the entire country," said Defense Minister Roine Carlsson, who had a bad cold and was hoarse, at the question-and-answer session in parliament on Thursday.

Erik Holmkvist (Conservative), who raised the question, pointed to a newspaper interview in which Rear Adm Claes Tornberg said that Sweden had insufficient naval forces to defend the west coast and the Gulf of Bothnia in a crisis situation.

"The defense of the Norrland coast is designed to be carried out by army and air forces, as well as by the navy. The coastal artillery is an important pillar of the coastal defense system."

"Our highly qualified combat forces, including naval forces, are intended to be moved to the coastal area that is most threatened by a possible attack. No floating units, that is to say warships, are leaving the coast of Norrland," Roine Carlsson said.

9336
CSO: 3650/82

IMPROVED DEFENSE PLANNED FOR NORTHERN AREA

Stockholm SVENSKA DAGBLADET in Swedish 15 Nov 85 p 9

[Article by Erik Liden]

[Text] The defense of upper Norrland will be beefed up during the coming years. Air force radar stations will be expanded on both the Finnish and Norwegian borders. Permanent facilities for artillery will be improved in almost all of Norrbotten.

More inductees will be trained in Boden, Lulea, Kiruna, and Arvidsjaur and reserve exercises will be held on a large-scale throughout upper Norrland. In Boden alone, just over 3,500 draftees will receive basic training during 1985/1986. Over 50 percent of them will come from Stockholm or Malardalen.

In order to increase defense capabilities, permanent facilities are being expanded in the vicinity of the Finnish border and in the Boden-Lulea region.

Gold Reserves

The fortification of Boden began in 1901 following a decision of parliament in 1900, which required a joint vote when the two chambers disagreed over the permanent defense of upper Norrland. At that time, 4.7 million kronor was allocated, but when the artillery section was expanded and test-fired in 1907, the project cost over 8 million kronor.

The cost for the remaining sections of the fortification would have been billions, in terms of today's money. The fact that one of the forts in Boden held Sweden's gold reserves until the late 1970's, where they were well protected by guns and soldiers, says a lot about how secure the facility was believed to be.

Morning Salvo

The fortification's guns are placed in the mountains around the center of Boden. Their effect was verified last fall when 900 officers and soldiers were called up for reserve exercises. A large number of heavy artillery pieces opened fire one Wednesday morning just before 0600. Even the people of Boden, who are used to military matters, climbed out of bed and wondered what was going on.

"Under the Cannons of Boden" is the title of a well-known military march. This slogan is still highly applicable today.

Fire Over The Town

"We must exercise in a realistic manner," said Brig Gen Thure Wadenholt, chief of the Boden artillery regiment, A8, and of the defense region FO63. We have unique training possibilities here, with a firing range near the town that can be reached by all our artillery pieces. For this reason, we must shoot over the town of Boden."

The fortifications of Norrbotten are being expanded continuously. This is one reason why commander in chief Lennart Ljung has requested permission to expand the restricted area on the Finnish border. Even during times of peace, roads and bridges are prepared for detonation. No foreigners can visit the restricted areas without permission. The government will make a decision concerning the expansion in 1986.

Radar facilities are now being modernized in Norrbotten. Old stations are being retained, but new stations of the 860 and 870 variety are being added, with fortified protection.

For the first time in the modern history of our military, radar stations are also being built in the mountain regions, for better monitoring of the Norwegian border. Under favorable conditions, the modern radar stations can monitor large portions of the Kola Peninsula and a large section of the Atlantic Ocean off the Norwegian coast.

The effort in upper Norrland can also be seen at F21 in Lulea, where three Viggen divisions are now based and at the army's air battalion in Boden, where 20 antitank helicopters will be placed in 1986 and 1987.

9336
CSO: 3650/82

IMPROVED TANK ARMOR, NEW TANKS NEEDED

Stockholm SVENSKA DAGBLADET in Swedish 18 Nov 85 p 11

[Article by Erik Liden]

[Text] SVENSKA DAGBLADET has learned that a radical reevaluation of tank armor used by the Swedish army is now under discussion by the military leadership and the Defense Ministry.

Both foreign and Swedish experience has clearly shown that the role of the tank has increased along with the rapid development of military technology.

Previously, under the leadership of former army chief Nils Skold who is now a Defense Ministry expert, the army invested only in a light new combat vehicle, "combat vehicle 90." Hagglunds and Bofors have begun developing and producing six different vehicles with thin armor that, basically, provides soldiers with only a splinterproof cover.

Artillery and direct small-arms fire can penetrate this armor.

New Tank Needed

For a long time now the armored soldiers' representative to the inspector of armored troops, Brig Gen Hakan Waernulf, has stressed the need for a new tank to replace Tank S and the Centurion, which the Swedish military has had since 1963 and 1953, respectively. Thus, it has been 25 years since the last Swedish tank, produced by Bofors, was delivered.

Renovation Underway

At present, 80 of the 350 Centurion tanks purchased from Great Britain during the 1950's are having new engines installed and are being renovated and modernized. If funding is provided by the 1987 defense resolution, all 300 Tank S vehicles will be modernized at a cost of just over 400 million kronor.

"This will mean that our 650 tanks will survive well into the 1990's," Hakan Waernulf said.

Advances in missiles and ammunition have also added to the superiority of the tank, especially the modern Soviet, West German, British, and American tanks.

Army chief Liet Gen Erik G. Bengtsson has also stressed, in various contexts, the importance of the tank in a future war.

The problem the army chief faces today is a lack of money for both a light armored vehicle and a new tank.

It is estimated that the light armored vehicles cost 13 to 15 million kronor each today, compared to 5 to 8 million kronor several years ago.

The original goal was to procure 1,500 vehicles during the 1990's, but it is now believed that the government will be unwilling to purchase this number at a cost of 15 to 20 million kronor each.

"Still, we know we will need a tank during the next decade," said member of parliament Olle Goransson (Social Democrat), vice-chairman of the Defense Committee, who himself was trained to operate tanks in 1950 at the P2 base in Hassleholm.

The army leadership, which put off a decision on tanks until the 1992 defense resolution, has now reevaluated Skold's parsimonious position toward a new tank.

West German Vehicles Studied

In just a few weeks some foreign alternatives will be studied when reports are presented to the Defense Materiel Command (FMV) and to the Defense Ministry.

The West German Leopard 2, produced by Kraus-Maffei in Munich, is the main alternative, since Sweden has been offered a relatively low price for direct purchase in the late 1980's: 15 to 20 million kronor per tank.

Sweden was offered the low price because series production will end in 1987 or 1988 in Munich after the tanks are delivered to Switzerland and Holland at a considerably higher price.

Compensation Deal

The West Germans are also interested in purchasing Swedish special steel for a series of 5,000 new tanks in the next century. It could be a compensation deal of the type favored by the government in cases of direct purchase of war materiel from abroad.

There are no plans at present for continued production of Swedish tanks at Bofors. The Leopard 2 has a 12-cm gun that can be replaced with a 13.5-cm gun. The latter can penetrate all known armor, including composites and so-called active armor.

This is not true, for example, of the American antitank TOW missile, which Sweden purchased for almost 500 million kronor or the much-discussed 20 antitank helicopters from West Germany that will be delivered to Sweden belatedly next year.

9336
CSO: 3650/78

SHORTAGE OF F21 TECHNICIANS NOTED

Stockholm SVENSKA DAGBLADET in Swedish 24 Nov 85 p 6

[Article by Roger Magnergard]

[Text] In a crisis or a tense situation, air force planes at the F21 base in Lulea could be kept in the air for only several days. Each year hundreds of thousands of kronor are wasted because of the personnel shortage.

"We have big problems," said Lennart Holtrin, chairman of the aircraft technicians' interest group at F21. Here, on average, one man quits each month.

F21 is Sweden's largest air force wing. Normally, 102 technicians should be working there. At present, 75 to 80 of these positions are occupied.

The 102 positions are divided into three companies of 34 men each. Thus, many never work at the same time.

"A normal figure is 20 men per company per work day," Holtrin said.

This is because seven or eight technicians are out each day because of sickness and similar reasons. An additional 10 are lost to various training courses.

The consequences are costly and may even be fateful.

Air force planes are made to last a certain number of hours. For them to last these hours, however, they must receive maintenance and service at regular intervals.

'Capital Loss'

Because of this shortage of technicians, planes must remain on the ground waiting for maintenance and those in the air receive unnecessary wear and tear without maintenance.

"This represents a loss of capital, pure and simple."

During a crisis or tense situation, the air force is deployed to war bases. The planes are maintained by technicians, but the shortage of technicians means that planes at F21 can be kept in the air only during an initial stage--1 or several days.

"The situation is the same at most of our wings," Holtrin said. The leadership at Halmstad is even considering classifying the number of planes available, simply because it is so catastrophically low.

Defections by technicians from the air force are similar to the well-known defections by air force pilots. They are caused by low wages.

A fully trained technician has 6 years of training and 2 years of work on the job behind him. He is payed between 7,500 and 9,000 kronor per month.

"Last week a technician retired after 42 years of service in the air force," Holtrin said. "He had achieved a final wage of 8,800 kronor."

Most of the technicians at F21 have already applied for jobs at private airlines and companies in the computer field. They are usually offered jobs that pay at least 3,000 kronor more.

"I have applied at Swedair," Holtrin said, "but I would prefer to stay here in Lulea."

Left Union

The technicians at F21 and F15 left their union, the National Federation of Officers, earlier this year because their wage demands were not met. In order to underline their solidarity, they formed an interest group. Such groups now exist at six of the country's wings.

"When every wing has an interest group, we will form a joint board and apply for membership in any union that will work for our interests."

The technicians will enter into the upcoming wage negotiations with the goal of at least a 2,000-kronor increase per month, so that wages will reach the minimum pay of civil aircraft technicians.

The air force chief has expressed his support for this demand, but he cannot order these wages to be paid. Such an agreement must be reached through the usual wage negotiations.

9336
CSO: 3650/78

DETAILS OF PUBLIC ENTERPRISES' DEFICITS ANALYZED

Athens TO VIMA in Greek 8 Dec 85 pp 23-26

/Article by Andreas Deligiannis: "How the Public Enterprises Founder"/

/Text/ Fifty public enterprises, which are subsidized by the state and receive loans from private deposits in banks, are now in miserable economic (and not only economic) condition and most of them are "drowning". With a deficit, which by the end of 1985 will exceed 200 billion drachmas, these overindebted enterprises are at the center of the government's concern. The government, albeit with some delay, decided to improve their health by emphasizing the improved "housekeeping" of their financial affairs.

The deputy minister of national economy described the situation as "extremely critical" while he let it be understood by all that the axe is ready to fall: drastic cuts in their expenditures, no hiring at all, review of all their investment programs, strict control (and monitoring) over their procurements, and of course, strict observance of their income policy which is related to a ban on overtime pay.

Many doubt the effectiveness of any restrictive measure. They argue that the problem is not created by their employees alone--who are blamed for the most part for the significant fall of productivity in the public enterprises--but also by their heavy borrowing and the incredibly low quality of services they offer--to the proof, in other words, of the success of those who manage public funds. The key question now is not "what shall we do," but "why did these enterprises reach the point where they are now," why and who is responsible for their borrowing which, according to certain reliable government sources, was made to cover "unplanned expenditures."

Of course, the study of the major problem presented by public enterprises is related to their low productivity which, for the most part, is attributed to the employees, according to the prevailing viewpoint. One often hears the view that "these people do not want to work," while others note that "most people want to get a job in the state machinery so they will not have to work." At the same time one can see an "intelligence decline" which should be of greater concern to those who plan for the future.

Those who study in depth the operational problems of these 50 public enterprises add that the decline in productivity, which is related to the low quality of the services they offer, is not due only to repeated strikes or work stoppages which undoubtedly result in serious production problems, but also to something else: to the fact that most productive hours are lost when the enterprises operate normally. In other words, during regular hours of work, the employees do not work. They don't produce, shielded behind the "paper kingdom" /red tape/ erected by the previous governments.

Minister of Labor Evangelos Giannogoulos has a clear, disheartening, view of public servants, which as he says, "cannot change no matter what." What is it? "They have become used to not working and it is now difficult to change their mind."

Another view on causes for the low productivity is presented by the employees themselves who attribute the tremendous deficits to incompetence of the managers and also to the inability of these managers to inspire confidence among the employees. Even trade union cadres associated with governing PASOK openly criticize managers and board members who fall asleep during board meetings and are present only formally, just to legalize with majority decisions which may involve many billions of drachmas.

Then we have the enterprises themselves which are not only limited to bad management, but which also have considerable losses of revenue either from monies owed to them by the state or from the countless cases of "charge free" services, or deductions, which burden the budget of these enterprises instead of being charged to those agencies which grant charge free services or provide deductions for users.

The transportation enterprises present the largest deficits (and how could it be otherwise when, for example, the electric powered buses of the Athens-Piraeus area /the ILPAP trolleys/ get more buttons dropped in the "charity box" than 30 drachma fares, which will exceed 42 billion drachmas in 1985, while there is every reason to believe that any development target of these enterprises is "destined" to be missed unless they change not only their organization and operations but also improve their services: For example, Olympic Airways should fly on time, buses and trolleys should be more clean, and the trains should go faster.

The buses, trolleys, and subway have the biggest deficits. The three enterprises, Urban Transportation Company /EAS/, ILPAP, and Athens-Piraeus Electric Railways /ISAP/, will have a deficit of over 33.1 billion drachmas by the end of 1985, compared to that of 21.2 in 1984.

But the three enterprises are also not doing very well when it comes to revenues. In 1985 they were 8.4 billion compared to 7.8 billion drachmas in 1984. Their expenditures in 1985 exceeded 41.5 compared to 29 billion in 1984. The three enterprises employ 14,310 persons who received 23.2 billion in 1985, compared to 18 billion in 1984.

The major burden for the transportation enterprises comes from debt service. In 1985 they paid 12 billion drachmas compared to 5.6 billion in 1984.

Of course they are not the only ones that have large debts...

The Railways Organization of Greece [OSE], slow moving, with "last century's" equipment, will end 1985 with a deficit reaching 12.8 billion drachmas, compared to 9.5 in 1984; 9 in 1983; 7.4 in 1982; and 4.9 in 1981.

OSE revenues barely reach 10.5 billion drachmas while expenditures exceed 23 billion which include 17.3 billion for its 13,879 employees. OSE, one of the most backward state agencies in terms of equipment, invested 24 billion in the last 3 years and plans, if all goes well, to invest approximately 17 billion more, which means its debt obligations will increase. Thus, while in 1985 it paid 1.5 billion for debt service, it is estimated it will pay more than 2 billion in 1985.

Among transportation enterprises, EAS is the one with the greatest deficit. It employs 10,197 permanent employees. In 1985 its deficit will be 22.9 billion drachmas compared to 14.8 in 1984, while its revenues for 1985 are estimated to be 5.4 billion compared to 5.3 in 1984. With regard to expenditures, they exceeded 28 billion drachmas in 1985, compared to 20.1 billion in 1984--of which 16.1 billion was for compensation of the employees (compared to 12.7 in 1984).

In 1985 EAS paid 8.4 billion drachmas in debt service (compared to 3.9 in 1984).

Next in terms of deficit is ISAP, which in 1985 will have a 6.3 billion deficit compared to 3.9 in 1984, while its revenues in 1985 were 1.6 billion compared to 1.4 in 1984. Expenditures for 1985 were 2.5 [12.5?] (compared to 1.1 [11.1?] billion in 1984) of which 4 billion was personnel costs.

In 1985 ILPAP will have a deficit of 3.8 billion compared to 2.4 in 1984. Its revenues in 1985 will be 1.3 billion drachmas compared to 1 billion in 1984, while its expenditures in 1985 will exceed 5 billion (compared to 3.4 billion in 1984), of which 3.1 is personnel costs (2,300 employees). In 1985 the enterprise paid 1.1 billion drachmas for debt service, compared to 533 million in 1984.

In the case of Olympic Airways we are reminded of the dictum of the late George A. Papandreou: "The figures are prospering, but the people are getting poor." This is acknowledged by Minister of Transportation-Communications G. Papadimitriou, who has shown from the beginning some courage in an effort to free Olympic Airways [OA] of hundreds of free tickets it issued and which, it is estimated, exceed 500 million drachmas in value a year.

He is also pondering ways to persuade the state to pay what it owes the company, which, roughly estimated, exceeds one billion drachmas. Moreover, Papadimitriou apparently has caught a whiff of something wrong with Olympic's suppliers' fees, because some people explained to him that "unless the monster of middlemen and big interests is hit now at the very beginning, it will be too late...

In Olympic Airways the figures are indeed prosperous. According to official data in 1981, 3,081,000 persons flew on the domestic service; 3,591,000 in 1982; 3,979,000 in 1983; and 4,771,000 in 1984. In other words, between 1981 and 1984 sales increased by almost 55 percent.

The overseas service carried 1,926,000 passengers in 1981; 1,871,000 in 1982; 1,984,000 in 1983; and 2,232,000 in 1984. That is, between 1981 and 1984 there was a 16 percent increase.

Revenues, of course, show a commensurate rise: In 1975 Olympic earned 6.1 billion drachmas, while 10 years later, in 1985, it exceeded 76.4 (compared to 56 billion in 1984 and 28 billion in 1981). Also increased was the occupancy factor of aircraft in terms of passengers--an admirable 65 percent.

Expenditures in infrastructure projects and the purchase of aircraft are also on the rise. It appears then that Olympic Airways is doing fine; yet, it is in debt up to its neck! In 1985, it will show a deficit of 8.7 billion drachmas, while in the previous years its deficits were: 8.9 billion drachmas in 1984; 4.9 in 1983; 6.6 in 1982; 5 in 1981; 2.8 in 1980, and 505 million drachmas in 1979.

Minister Papadimitriou, a straight-talking man from Roumeli (central Greece), argues that the "Zalongo dance," that is, the downslide of OA in terms of deficits, started in 1980 when the company, with a loss of 2.8 billion, entered the road of becoming an ailing company. Although it increased its revenues by adjusting fares and gained through transferring into drachmas foreign exchange reserves, the volume of passengers fell by 3.4 percent and the volume of cargo miles by 2.7 percent.

The cash and economic expenditures increased by 232.0 percent in 1980, compared to those in 1970. This spectacular increase was due to the "ill planned purchase of aircraft" through short-term borrowing at high interest rates, and not through an increase in the company's capital. In 1980, OA borrowed 42 million dollars from Bankers Trust, Midland Bank and Wells Fargo, and another 850 million drachmas from the Greek Commercial Bank; 335 million from the Greek National Bank; and 100 million from the Greek Credit Bank. Let us see the consequences of all loans contracted by OA:

For operational capital in 1980 it owed 800 million drachmas and in 1979 paid 606 million drachmas in debt service. In 1981 it borrowed 2.7 billion drachmas and owed for interest an additional 460 million drachmas. In 1982 it borrowed 7.1 billion to meet its obligations but also to service older loans. In 1983 it borrowed 4.7 billion. For all pervious loans interest payments amounted to 2.2 billion drachmas.

In 1984 it borrowed 6.2 billion, interest payments amounted to 3.5 billion, but it paid 1.1 billion dor debt service. In 1985 OA has borrowed 4.7 billion and by the end of the year it will have borrowed another 3.7 billion. During the year it paid 4.1 billion in interest and 1.9 billion drachmas in principal.

All told, between 1975 and 1985 OA has borrowed 30 /29.1/ billion drachmas for operational capital and has paid only 8.3 for principal. OA has also borrowed for its investments. Up to 1981 the company had borrowed 16.7 billion drachmas and in 1982 it found it necessary to borrow another 13.8 billion to pay for principal on loans due in 1981 and 1982, totalling 4.6 billion drachmas.

In 1983 it borrowed 2.2 billion and paid 3.1 billion on loans (principal).
In 1984 it borrowed 5.8 billion and paid 3.8 billion on loans (principal).
In 1985 it borrowed 5.8 billion and paid 4.5 billion on loans (principal).

In 1985 Olympic Air, an offshoot of OA, will have a net profit of 30 million drachmas, while it only paid 278 million for the servicing of loans and expects to pay approximately 377 million drachmas in 1986.

This company, with 308 employees (and 518 million in expenditures), had 1.5 billion in revenues and 1.5 billion in overall payments to others, while for investments in 1985 it paid 988 million (and expects to spend on investments in 1986 5 billion drachmas).

Athens Airport, the company which was established to manage the construction and operation of the new airport at Spata, is limited to preliminary work and had as of 1985 investments of 350 million drachmas and personnel payments--the enterprise has 129 employees--of 190 million drachmas. Total expenditures: 365 million.

In 1986 it is estimated it will spend more than 400 million, of which 228 million will go to personnel compensation and another 155 on construction.

In 1985 Olympic Tourist had revenues of 35.5 million and expenditures of 34.1 million, which include compensation of 39 employees amounting to 16.4 million and is expected to exceed 27 million by 1986.

For 1986 the company expects to have a balance with 48.5 million in revenues and 47.4 in expenditures.

In 1985 Olympic Catering had a loss of 231 million drachmas; income 3 billion drachmas; expenditures 3.3 billion. Personnel costs (2,718 employees) exceed 2 billion. Estimates for 1986: Income 4.3 billion; expenditures 4.4; personnel costs 2.5 billion.

Nothing new has been done in the Public Power Corporation /DEI/ which is the largest public enterprise and the major manager of state outlays for energy.

By all indications DEI, too, suffers from "the syndrome of low efficiency" due to suffocating state intervention, a powerful bureaucratic machinery, a voluminous parasitism with everyone--according to a high DEI official--"interested in fees," and a spectacular shortage of specialized cadres.

Under these conditions (and by trying to serve development and social aims without compensation and therefore shouldering the cost of a specific economic and social policy) DEI management failed to bring about the expected and necessary changes in the organization.

In DEI too, as in the other enterprises, the managers soon realized that all these (development and good management) could only be the result of some miracle, which of course did not happen...

DEI is not paid according to the cost of its product and makes major investments with borrowed money. The result: At this moment, long-term debt obligations exceed 400 billion drachmas. This spectacular debt is certainly more significant than the profit shown by its operations. In 1985 DEI will show a profit of 1.4 billion drachmas while in reality it has a loss (less than 7 billion).

With regard to investments, in 1985 DEI spent more than 80 billion drachmas compared to 72.5 in 1984; 66 billion in 1983; and 43.2 in 1982. For 1986 DEI is already planning the construction of three new units (4th in Ag. Dimitrios, first in Amyndaion, 2nd in Sfikia), which will increase the productivity capacity of the DEI system by 34 percent (compared to 1984).

It is expected this will result in an impressive reduction of electric energy imports and therefore an improvement in the company's productivity.

It is worth noting that in the 1982-85 period the balance in electric energy imports shows an increase. In 1980 DEI imported 605 million kwh, which were reduced in 1981 to 319 million. In 1982 imported energy increased to 718 million kwh; in 1983 it went up to 1,891 million; and in 1984, even worse, to 2,556 kwh. In 1985 it is expected to go down to 619 million kwh.

Productivity (and finances) of DEI were seriously affected by delays in the construction of five hydroelectric stations (Sfikia, Stratou, Asomaton, Thisavrou, and Pigai), the reduced rainfall in 1983, which was one of the worst in the last 30 years, and serious breakdowns in the units of Lavrion-2, Ptolemais-4, and Ag. Dimitrios-1. These unforeseen developments were accompanied by a significant increase in the demand for energy.

Up to this point, DEI's (production) image looks good, although not in the eyes of the public since its relations with the consumers and its employees are "unfriendly".

The increase in expenditures outpaces that of revenues. In 1983 revenues reached 117.5 billion drachmas (expenditures 73.8 billion). In 1982 it had revenues of 92.5 and 62.9 billion in expenditures. In 1981, revenues of 74.1 billion and expenditures of 53.5 billion. The trade unionists, on their part, note as one negative fact the money owed DEI by certain large enterprises. According to data given by the management, they exceed 18 billion drachmas. Also high are expenditures for compensation of 26,000 employees. In 1985 they exceeded 50 billion drachmas compared to 43 billion in 1984.

The Greek Telecommunications Organization /OTE/ is also a victim of the "war for fees," and almost subservient to middlemen and lenders. OTE is one of the worst examples of a state enterprise, with flagrant delays in the modernization of its telecommunications' equipment and also in the training of its 30,810 employees who are constantly feuding with management, always presenting economic demands although it is evident that personnel costs are very close to OTE's revenues.

A sign of OTE's crisis is the repeated change in top management and the constantly decreasing credibility of the company in the eyes of its customers, due basically to the low quality of the services it offers.

Looking into OTE's finances it may be useful to say at the outset that its long- and medium-term obligations exceed 100 billion drachmas. In 1985 alone OTE paid 24.8 billion for debt service while next year such payments are estimated to exceed 30 billion.

Following the net profit it had in 1980 (1 billion) and the 4.6 billion drachma deficit in 1981, OTE soon entered the list of profitable enterprises although the profits go down from year to year. Thus, in 1982 OTE had 3.3 billion in net profit and in 1983 a net profit of 5.7 billion. In 1984, profits showed a small decline and reached 5 billion, but in 1985 we see a significant decline to 2.5 billion drachmas.

According to analyses by the Ministry of National Economy, the causes for OTE's crisis must be sought in older accounts (1977, 1978 and 1979) which show an increase of expenditures much faster than that of revenues, so that OTE soon joined the dance of deficits.

Also significant is the "small distance" between revenues and expenditures in 1985. In other words, while OTE earned 77.5 billion in revenues, its expenditures exceeded 76 billion, of which 53 billion drachmas account for personnel costs. With regard to investments, OTE spent 22 billion in 1985 and appears to be the same for next year.

The Greek Postal Service /ELTA/ constantly has a deficit (covered by OTE). ELTA has 10,480 employees and an inadequate quality of services which are modernized at the slowest possible pace. It now faces a weak (for the time being) competition by private enterprises for mail distribution.

In 1985 ELTA will have a deficit of 4.9 billion drachmas (which is estimated to go up to 6 billion in 1986), following an increase in investments which reached 1 billion in 1985, compared to 171 in 1983. To service its loans in 1985 ELTA paid 380 million drachmas. The deficits of the previous years: 1.5 billion in 1984; 2.4 billion in 1983; 2.2 billion in 1982; and 580 million in 1981.

With regard to revenues and expenditures, in 1985, revenues amounted to 10.5 billion (compared to 4.8 billion in 1980) and expenditures reached 15.5 billion including 12.3 billion in personnel costs.

Included in the sector of transportation and communications is the "perennially ill" ERT-1 /radio-TV network/, which has a constantly increasing deficit: In 1984 it was 86 million and it went up to 182 million in 1985.

The Piraeus Port Authority /OLP/ showed a profit (1.5 billion in 1984) but a 300 million deficit in 1985. The Salonica Port Authority /OLT/ showed profits of 348 million in 1984, while in 1985 its profit approaches 300 million drachmas.

But the "greatest tragedy" is that of the Social Insurance Foundation /IKA/ which remains the number one patient of the Greek state, borrowing to pay for the pensions which account for 70 percent of its expenditures. The country's largest insurance organization "lives" on borrowed money and these loans aggravate its economic problems.

Suffice it to say that every year IKA pays only for the servicing of loans from 20 to 30 billion drachmas, while for the period 1985-1989 it is estimated to reach 500 billion. Today's debt obligations (including the new loan of 43 billion to be contracted at the end of 1985 to cover the pensions of the bonus of the insured) exceed 184 billion.

In 1985 the operational deficit, excluding interest and the servicing of loans, exceeds 28 billion drachmas compared to 25 billion in 1984 and 26 billion in 1983. At this point we must say that the first IKA deficits appeared in 1980 (2.5 billion) and went up fourfold in 1981 (9.6 billion) and multiplied in 1985 (28 billion) due to the spectacular rise in pensions of the insured. After May 1983, social insurance was extended to all working men and women. In 1980 the direct and indirect insured were 3,944,000. In 1984 they increased to 4,755,000.

According to IKA Governor Th. Katsanevas, the operational deficit in 1986 will be kept under 28 billion (as in 1985), in spite of the fact that minimum pensions were increased by the equivalent sum of two work days with the result that IKA will carry an additional burden of 11 billion drachmas.

In an explosive critique of IKA, Katsanevas repeated that its operation has been connected with a pile of scandal in the sector of procurement for technological equipment and medicines. He also revealed that the evasion of dues paying is extensive, reaching 30 billion. Dues owed by many private enterprises are considerable, but also those of the state exceed 35 billion.

Olympic Airways alone owes 700 million which--according to Katsanevas--IKA will seek to get through court action. OSE owes another 350 million drachmas. The soccer companies owe over 200 million.

Taking into account the high rate of revenue loss and IKA's social role reflected in its obligations to pensioneers and the medical care of its insured, it is worth viewing the results of its accounts (the relation of revenues to expenditures) including the interest payments during the last few years:

	Revenue (Billion)	Expenditures (Billion)
1977	34.7	29.1
1978	44.7	42.6
1979	56.4	54.0
1980	67.5	68.8
1981	85.2	91.5
1982	108.8	136.7
1983	138.7	175.6
1984	172.7	236.3
1985	220.0	288.0

Another deficit enterprise is the Farm Insurance Organization /OGA/ which had a deficit exceeding 32 billion in 1985, compared to 28 billion in 1984, and 16 in 1983. The considerable increase of this deficit first appeared in 1981 when it reached 9.1 billion, compared to 2 profitable years, 1980 with 910 million and 1979 with 342 million profit.

OGA revenues show a significant decline as follows: In 1977 it had 11.2 billion (12.5 billion in expenditures); in 1978, 14.1 billion (15.7 billion in expenditures); in 1979, 16.1 billion (23 billion in expenditures); and in 1980, 24 billion (31.8 billion in expenditures).

In the sensitive sector of the armaments industry, where one encounters fierce competition, not only in the world market but also domestically among Greek enterprises, the situation is far from idyllic. With the exception of the Greek Arms Industry /EVO/, which is developing satisfactorily in economic terms, we have Pyrkal (with obligations exceeding 15 billion), one of the problem enterprises under state control. We also have the Greek Aircraft Industry /EAV/ with short- and medium-term obligations reaching 10.5 billion.

The prisoner of insatiable borrowing, even in its initial steps, which increases with every rise in the price of the dollar, but also because of a series of scandals in procurements, 1 year after its opening in 1981, EAV with capital of 1.7 billion borrowed 22.3 billion, of which 18.8 is owed in foreign exchange and the remaining 3.5 billion in drachmas borrowed from Greek banks.

EAV President Pan. Fotilas, a professor at the University of Salonica, says characteristically that foreign borrowing of the enterprise was its "cross" from the outset, while it is evident that EAV management, as instituted by its founders, has a "colonial character." According to available data, between 1982 and the end of 1984, EAV paid 102 million dollars just in interest payments for loans contracted prior to 1981.

To improve EAV's financial health, it became necessary to use the "classic" treatment: It was decided to refrain from any foreign borrowing in order not to increase its obligations in foreign exchange. Capital was increased to 8.4 billion. Investments were drastically reduced including those relating to technical aid from abroad and the salaries of high-level officials.who were being paid with favulous sums. At the same time, it started a keen effort in the world market to get new orders, not only for repairs, but also for manufacturing in order to increase revenues so the enterprise could at least pay the interest on foreign loans.

The policy of "drastic economics," together with certain "good contracts," had a good effect so EAV President Fotilas now speaks of a recovery and a "positive future," in spite of the continuing burden of debts in foreign exchange.

It is a fact that revenues went up, losses declined, and EAV's prospect brightened. EAV revenues from 3.1 billion in 1981 went up to 7.3 billion in 1984, and it is expected to reach 8.5 in 1985. Losses from 1.3 billion in 1982 went down to 1 billion in 1983 and to 22 million in 1984. One should add 800 million for depreciation.

Payments for technical assistance from abroad show an impressive decline. From 543 million drachmas in 1980 and 1 billion in 1981, they went down to 50 million in 1985.

Efforts to improve the financial health of EAV were accompanied by implementation of a new organizational plan and changes in production, which had positive results. Suffice it to say that in 1981 with 3,265 employees EAV grossed 3.1 billion, while in 1984 with 3,188 employees it grossed twice as much, that is, 7.3 billion. However, personnel costs account for more than 50 percent of revenues. In 1985 these costs will reach 3.9 billion.

In order to give an answer to the often repeated scenario that EAV has as its sole customers the Greek Air Force and USAF-Europe, Fotilas presents the argument of statistics (at the end of 1981 contracts signed by EAV totalled 1.3 billion while at the end of 1984 they totalled 9.2 billion drachmas), but also that of new customers, including the maintenance of all Phantoms in Europe and cooperation with the British RAF, which for the first time assigned to a foreign country the maintenance of its aircraft.

In the manufacturing sector, EAV participates in production of aircraft related to the "purchase of the century" (F-16s and Mirage 2000s), while it has assumed the manufacture of several parts for the G-222 helicopter of Air Italia, the F-1s of Dassau, the French Snekma motor, firefighting equipment for Canadair aircraft, etc.

Even more satisfactory is the financial picture of the constantly developing and profitable Greek EVO. It is worth noting that net profit from 52.8 million drachmas in 1980, increased to 147.7 million in 1981; 162.1 in 1982; and 809.4 in 1983.

We see a similar picture in sales which in 1980 amounted to 843 million drachmas and started to climb the following year: In 1981, 1.6 billion drachmas; in 1982 they reached 2.4; and in 1983, a "golden year," it went up to 7.9 billion drachmas. In the period 1984-85, sales show a mild increase to 8 billion.

For a more accurate picture we must review sales to other countries. In 1980 they amounted to 227 million drachmas; in 1981 to 776.8; and in the 1982 exceeded 1.8 billion. In 1983, which was an exceptionally good year, EVO exported goods valued at 5.6 billion drachmas, that is, almost 80 percent of its net profit, leaving a benefit in foreign exchange for our country equivalent to 900 million drachmas, while in the period 1984-85, foreign sales went down to 2.8 billion.

The decline in overall sales and especially in exports is due to several factors related to the keen competition faced by EVO in the world market, but mainly to the delay in signing a contract with the Greek Armed Forces for the supply of the anti-tank gun Artemis, which was scheduled to take place a few months before the closing of the accounts for the period 1984-85.

EVO management believes the impressive increase in sales during 1983 is due to the transfer of sales from 1982 to 1983, from new units which began operations for the first time at the end of 1982 and the beginning of 1983. Thus, the decline in 1985 must be regarded as normal within EVO possibilities, and the company's effort to implement an aggressive investment policy utilizing its borrowing. In 1981, EVO invested 346 million; in 1982, 1.4 billion; in 1983, 2.5 billion and 2.7 billion drachmas in 1984-85. For the servicing of loans EVO paid 66.4 million drachmas in 1983 and in 1984-85, 149 million, while the long- and medium-term obligations at this moment exceed 8.6 billion drachmas.

EVO, having developed since 1983 its own technology with its major accomplishment the anti-tank gun Artemis, spends considerable sums on research and development: In 1984-85 an estimated 350 million was absorbed, while in 1982 it absorbed 257 million drachmas. Since 1983 EVO expanded with the purchase of two problem companies:

Metal Works of Epirus, which produces and processes copper alloys, thus gaining control in the production of products which after processing are used as raw material in the production of ammunition in Lavrion.

Initially, the production problems of the company caused delays in the stabilization of plant production, problems in deliveries, and in the final cost of products. As a result of this, in 1983 the company had a loss of 202 million drachmas, of which 113 were in depreciation. For the proper and efficient operation of the unit, an investment of 300 million drachmas was planned.

The other enterprise purchased by EVO was General Mechanics, which strengthened the production of Artemis and produces the disposable fuel tanks for the Mirage aircraft. The investment for manufacturing Artemis in General Mechanics reached 300 million drachmas in 1983.

In view of the poor financial situation of the companies marketing oil products, which in 1984 had a loss of 202 million (due to the increased cost of production and the rising price of the dollar), but also of the need to make considerable investments for modernization, the two state refineries appear to be doing better than any industrial sector (controlled by the state).

The Aspropyrgos Greek Refineries, which dominate the market, continue to do increasingly well. In 1984 with an annual processing of 5,645,000 tons of crude oil (3 percent more than that of 1983 and 11.5 percent more than in 1981), the refineries reached their highest production levels with commensurate benefits for the Greek economy.

At the outset it is worth noting that at this moment the refineries are making an impressive investment of 300 million dollars for their modernization, including the addition of new units for the processing of crude oil into high-quality products. Thus, while they show a steady rise in revenues with a corresponding increase in expenditures, the refineries have increased their investments almost tenfold.

Revenues: from 2.8 billion drachmas in 1981 they reached 7.6 billion in 1984 and 7.9 in 1985 (in 1986 revenues are estimated to reach 9 billion drachmas).

Expenditures: from 1.9 billion in 1981 they went up to 4.7 in 1984 and 6.7 in 1985, including 2.8 billion for the servicing of loans.

Investments: from 2 billion in 1981, they went up to 11 billion in 1985, and in 1986 are expected to reach 26 billion drachmas.

Thus, the profits of the refineries appear modest (892 million in 1981; 2.9 billion in 1984; 1.1 billion in 1985) while the short- and medium-term obligations went up from 976 million in 1981 to 3.4 billion drachmas in 1984 and 4 billion in 1985.

The refineries, in cooperation with the Italian study company Foster Wheeler Italiana, in early 1983 formed the--purely scientific--company Asprofos, which manages the modernization program for the refineries and also aspires to participate in major development projects which are underway or are being studied in Greece, such as the modernization of EKO, the DEI investment program, studies for the protection of the environment, etc.

The most impressive development in the branch of oil products is perhaps the presence of EKO, which in 1984 bought for 15 million dollars the stock of the ESSO group in Greece. According to early economic data noted by EVO general director Kon. Maniatopoulos, the money paid for the purchase was recovered within the first year of operations, while the company successfully expands its penetration into the Greek market. It has 440 gasoline stations (soon to exceed 500), while its presence is notable in the merchant marine as well. Its revenues are increased by the satisfactory rise in production of chemical products, mainly plastics.

The EKO group of companies includes the Thessaloniki Refinery with crude oil processing capacity of 3.5 million tons, EKO-AVEE /expansion unknown/, which is marketing oil products domestically, and EKO-KHIMIKA, which produces, imports, and markets chemical products such as plastics, ammonia, ethyl, solvents, caustic soda, chlorium, etc.

The EKO group is in close contact with ESSO in the domestic market (EKO is the exclusive ESSO representative for lubricants and chemicals), while the American multinational company buys oil products from the Thessaloniki Refinery, for its requirements abroad in the sector of shipping and the supply of airplane fuel. With 1,200 employees and short-term obligations of 7.5 billion, in 1985 the EKO group realized 1.1 billion drachmas in net profits, compared to 1 billion in 1984 and 59 million in 1981.

In greater detail we might note that in the first year (1985) of its operation EKO realized revenues exceeding 57 billion drachmas compared to 48.2 billion in 1983 and 55.2 billion in 1981. In 1985 its expenditures exceeded 56 billion drachmas compared to 48.1 in 1983 and 55.2 in 1981. It is interesting to note that the total sales by EKO-AVEE in 1985 reached 1,100 thousand tons compared to 799 thousand tons in 1984, to 620 thousand in 1982 and to 659 thousand tons in 1981.

EKO-KHIMIKA sales, which were strengthened by the increase in sales of plastics in 1985, reached 15,800 thousand tons compared to 7,000 thousand in 1984 and 5,100 thousand tons in 1983.

EKO, which is also undergoing gradual modernization, spent 400 billion drachmas in 1985 for investment in the context of its 5-year development plan which includes several projects either under study or being anticipated, such as projects for saving energy (renovation of the ammonia plant and the coproduction of steam-electricity), the introduction of new technology (a new plant for the production of monomuclear chloride vinyl), protection of the environment (de-sulphurization of the refinery gases), and regional development (new facilities for fuel storage in the Kavala and Mytilini airports).

While speaking of oil we should not leave out the Public Petroleum Corporation, which shows a spectacular rise in its profits. While in 1980 it showed a net profit of 42.8 million it succeeded in impressively increasing its profits in the following 3 years. Thus, we see that in 1984 it had a profit of 3.5 billion while profits are expected to be at the same level (3.5 billion drachmas) in 1985.

The Water Supply and Drainage Company [EYDAP] is an "ideal illustration" in seeing the way the state deals with its enterprises, a way that reminds us of the so-called "country store" accounts. Thus, while EYDAP is essentially profitable and can remain profitable without raising water charges (which have remained steady since January 1982), it shows tremendous deficits which lead to its financial suicide...!

At this moment the accumulated obligations of EYDAP reach 24 billion drachmas, of which 16.5 billion is owed for interest and principal on loans contracted prior to its creation in 1980, and also for loans contracted later to meet obligations "placed on its shoulders" by the state for public works (biological purification and flood protection), but without giving it a share of state revenues from them (the case of Mornos).

In other words, the state lends money to the state at 19 percent interest to construct social policy projects, but the borrower, that is, the state, is obligated to operate like a private enterprise even paying interest on delayed interest payments. Moreover, EYDAP has the obligation to make investments (renovation of the miserable sewer system and gradual replacement of the water supply system whose daily breakdowns cost over 5 million drachmas) from its revenues, while it is expected to show "sensitivity" (if not toleration) to the municipalities which are constantly "feuding" with EYDAP because they "don't usually pay as they should"--they are the worst of debtors.

The municipalities receive loans for sewer projects at an interest rate of 9.5 percent while the residents pay the corresponding charges, of which 22 percent is supposed to be turned over to EYDAP. The municipalities, however, complain about their economic problems, and do not pay EYDAP with the result that they now owe EYDAP more than 2.2 billion.

If one were to add the "extensive" illegal use of water by private individuals and enterprises in the area of Attiki, one can easily understand the truly difficult situation in EYDAP.

Yet (mysteriously...) the company is profitable. Indeed, it shows constantly increasing revenue (4.9 billion drachmas in 1981; 6.8 billion in 1982; 7.9 in 1983; and 8.8 in 1984) and positive results in its balance sheet: from a loss of 1.6 billion in 1981, it soon showed profit of 1 billion drachmas in 1984. This positive image is spoiled the moment one includes money being paid for the servicing of loans. In 1983 it paid 3.2 billion drachmas in interest, and thus the net result was negative (-1.8 billion) and in 1984 it paid 4.1 billion in interest with again a negative balance (-2.9 billion). In 1985 the EYDAP deficit will reach 3 billion drachmas.

The situation is better in Salonica where the Salonica Drainage Organization shows steady profits. In 1984 it realized a profit of 980 million, while in 1985 it is expected to net 900 million drachmas.

By contrast, the Salonica Water Organization has deficits. In 1983, a deficit of 380 million increased to 835 million drachmas in 1985.

Let us face it! Only gambling pays! Soccer Forecasts /PRO-PO/, that is! With minimum operational costs (which nevertheless more than doubled in the last few years, 141 million drachmas in 1980 and 335 in 1984), following an impressive expansion of buildings and the introduction of its own ticket system, the Organization for the Prognosis of Soccer Matches /PPO-PO/ shows with each passing year more and more income. From 7.2 billion drachmas earned in 1980, the figures begin to climb: 7.4 billion drachmas in 1981; 8.7 in 1982; 12.3 in 1983; and 15 billion in 1985. In 1986 it is expected to earn over 20 billion drachmas.

From PPO-POs earnings, 45 percent is returned to the winning soccer teams /for the corresponding Sunday/, 11 percent is kept for the organization's operational costs, 3 percent is given to the Olympic Games Committee, 2 percent to the Association of Greek Gymnastic and Athletic Clubs, 2 percent to the National Soccer Federation, and 37 percent goes to the General Secretariat for Athletics.

However, from its total revenue, PRO-PO pays a fee to the agencies which service PPO-PO, which in 1984 totalled 1.6 billion, as well as personnel costs for the organization's employees, but also for the employees of the General Secretariat of Athletics, which in 1984 exceeded 400 million, while for the compensation of part-time employees (approximately 3,500 each week) who process the tickets /with the player's forecast of winners for the coming Sunday/ it paid another 450 million drachmas in 1984.

A steady increase is also shown by the horse racing track. The Greek Organization for Holding Horse Races shows profits exceeding 1 billion drachmas in 1985 compared to 771 million in 1984.

Among the most profitable state enterprises are also those dealing with construction and public works, which show profits exceeding 15 billion drachmas. Specifically, the Workers' Housing Organization in 1985 showed profits exceeding 15 billion drachmas (compared to 10 billion in 1984), while the Public Enterprise for Town Planning, Housing and Shelter has turned its 1984 deficit of 39 million drachmas to a profit of 44 million in 1985.

The State Land Company shows a profit of 45 million in 1984 and 32 million in 1985. The National Highway Fund showed profits in 1985 of only 150 million drachmas, compared to 1.1 billion in 1984. But in 1985 it made investments totalling 28 billion drachmas (compared to 18.7 billion in 1984).

The Athens Permanent Fund for Permanent Road Surfacing shows a significant deficit without any increase in investments. In 1984 it had a deficit of 63 million (investments reached 1.2 billion drachmas), while in 1985 it went up to 354 million (with investments being at the same 1.2 billion level).

The School Buildings Organization shows a logical deficit: 708 million drachmas in 1984 and 840 million in 1985.

The Greek Tourist Organization in 1984 had a deficit of 864 million, which in 1985 went up to 1.5 billion.

In 1984 the Tax-Free Stores showed a profit of 1.2 billion and in 1985 more than 1.5 billion drachmas.

The Organization for Administering Public Materiel in 1984 had 1.4 billion in profit, and in 1985 more than 2 billion.

The Central Vegetable Market shows a deficit: In 1984 1 million drachmas, in 1985 4 million.

The Organization for Publishing School Books: In 1984 it showed a deficit of 1.9 billion drachmas which went up to 2.7 billion in 1985.

In 1984 the Cotton Organization had a deficit of 486 million drachmas which went up to 600 million in 1985.

The Greek Tobacco Organization had a profit of 221 million in 1984, reduced to 56 million in 1985.

The Salonica International Fair had a deficit of 66 million in 1984, which went up to 153 in 1985.

The Organization for the Promotion of Exports had a deficit of 158 million drachmas in 1984, which went up to 258 in 1985.

The Manpower Employment Organization showed a profit of 2.3 billion in 1984, but in 1985 it showed a deficit exceeding 2.5 billion.

The Greek Pharmaceutical Organization showed a profit of 3.7 billion in 1984 and 4.2 in 1985.

The Hellenic Organization of Medium- and Small-Size Enterprises and Handicrafts had a deficit of 313 million in 1984, which went up to 400 in 1985.

ELOT /expansion unknown/ had a deficit of 43 million drachmas in 1984 and 47 million in 1985.

The Institute of Geological and Mineral Research had a deficit of 366 million in 1984 and over 550 million in 1985.

The Labor Hearth had a profit of 675 million drachmas in 1984 and 350 million in 1985.

ECONOMIC GREECE

DETAILS ON DEFICITS INCURRED, LOANS CONTRACTED

Athens I KATHIMERINI in Greek 28 Dec 85 p 1

[Article by Nikos Nikolaou: "Economy's Rapid Deterioration Upsets Government Schemes."]

[Text] The allocation of the second installment of the EEC loan is becoming problematic due to a failure to fulfill conditions.

The crisis in the balance of payments is expanding widely and it appears that devaluation might prove unable to stem imports and above all to put an end to the leakage of capital. At the same time, the deficit has reached such heights that responsible officials face the future with dread, and they agree that it is unlikely that it will be brought down at this point without taking harsh restrictive measures which will, however, throw the economy into a deep recession. These pessimistic prospects are clearly delineated by the data the Bank of Greece issued yesterday on the evolution of the balance of payments during the 10-month period between January and October from which it can be inferred that the deficit has risen by 60.5%! Specifically, the balance deficit in current transactions reached $2,725 million during the 10-month period versus $1,698 million during that same period last year. This increase by $1,027 million in the deficit was due to an increase by $827 million in the trade deficit and to the drop of $200 million in invisible receipts.

Thus, the factors causing a crisis in the balance of payments are now three:

First, the weakening of the competitiveness of domestic production, which is expressed by the increase in imports and the decrease in exports.

Second, the loss of capital, which manifests itself in diminished returns from tourism, emigrant and merchant fleet foreign exchange.

Third, the rising burden of expenditures to meet the foreign debt (interest rates and amortization).

It should be noted that it is calculated that the deficit will reach $3,200 million for the whole of 1985, thus upsetting the plans of all the officials who, up to October, were talking of a deficit below $2 billion!

To bring home the extent of the problem as well as the danger of the balance becoming the cause of harsher restrictive measures, it is mentioned that, according to the EEC Commission's decision of 22 November by which the first instalment of the loan was granted, the balance deficit in 1986 must go down to $1,700 million, in 1987 to $1,300 million and in 1988 to $1,000 million. Those targets are so daring as to be unrealizable, which means that in October 1986 the EEC will not give us the second installment of the loan or that, in order to cash it, we will have to take even harsher measures than those of 11 October.

Meanwhile, October was the first month after the devaluation and although it is too early to judge, still the small drop in imports--which is probably due to the down payments--as well as the limited rise in exports do not allow much hope.

Increased Borrowing

On the other hand, the rise in the foreign debt is dramatic. The government, in order to meet the extended deficits, was obliged to borrow in the 10-month period of January to October $3,295 million ($2,725 million balance deficit and $570 million amortization) versus $2,293 million during the same period of 1984 and $1,986 million in 1983. These developments leave no doubt whatever that at the end of the year the foreign debt will have exceeded $15 billion!

More analytically, and according to the Bank of Greece data, in the last three years the balance of current transactions evolved as follows during the 10-month period of January to October, in millions of dollars:

	1983	1984	1985
Imports	7786	8149	8819
Exports	3356	3656	3499
Trade Balance	-4430	-4493	-5320
Invisible Receipts	4599	4532	4428
Invisible Payments	1661	1737	1833
Balance of Invisibles	2938	2795	2595
Balance of Current Transactions	-1492	-1698	-2725
Movement of Capital (Net)	1757	2130	2782

As can be inferred from the above data:

Imports

1. Expenditure of foreign exchange for imports increased by 8.2% versus 4.7% last year. This acceleration shows the increase in the imports infiltration which, in turn, points to the weakening of the competitivity of domestic production whose products are being gradually displaced by foreign ones. Of

course, one must look for the reasons of this weakening in a more rapid inflation in our country which makes our own products more expensive and foreign ones cheaper.

2. Exports decreased by 4.3%, whereas last year they had risen by 8.9%. And this negative development is also due to the decrease in the competitivity of our own products, which are facing ever greater difficulties in being placed on foreign markets.

The October devaluation and, chiefly, the downpayments were aimed at restraining imports and at rekindling exports. Data for the 2-month period of November-December will show if there is some concrete response, for October was not so encouraging.

3. Invisible receipts yield ever smaller returns in foreign exchange. Apart from the merchant marine crisis which continues in fact, the fundamental reason at this stage must be devaluation expectations, which result in large amounts from tourism and remittances not being converted into drachmas. Particularly in October, the first month of the devaluation, all the items from invisible receipts (tourism, merchant marine, emigrant remittances etc.) showed a decline.

4. In invisible receipts, the increase in the item set aside for the payment of interest rates is impressive. During the 10-month period it reached $984 million versus $892 million last year.

5. As regards the net movement of capital, the increase is due to foreign loans. Conversely, the autonomous influx of capital (that is, the influx of the private sector) showed only a slight increase in enterprise capital and a sizeable one in the foreign borrowing of commercial banks. On the other hand, less foreign exchange was imported for the purchase of real estate, while deposits from residents abroad also were smaller.

6. The foreign exchange available on 31 October 1985 appeared as being $1,326 million versus $1,189 million last year on the same date. It is ironic that the increase in available foreign currency is due to the influx from new borrowing!

12278
CSO: 3521/72

NEW FINANCE MINISTER PALSSON DISCUSSES DEBT, INFLATION

Continued Trade Deficit Foreseen

Reykjavik MORGUNBLADID in Icelandic 2 Nov 85 p 2

[Article: "Foreign Trade Balance Will Not Be Achieved Next Year"]

[Excerpts] "Everyone thinks that it is an assault on Icelandic prosperity to reduce foreign debt. Everyone thinks that foreign financiers will maintain prosperity in Iceland," said Thorsteinn Palsson, chairman of the Independence Party and Icelandic Minister of Finance at a meeting of the party Council held yesterday. Palsson placed emphasis in his keynote speech to the meeting that it is value creation that supports prosperity and for that reason value creation must be increased as foreign debt is decreased. The news is wrong that a new policy has been begun with respect to Icelandic prosperity and Palsson provided examples showing that the opposite was true.

It emerged from Palsson's speech that it is predicted that the interest burden of the treasury next year will be 6.2 percent of its income. In the past 10 years the figure has been 1.5 percent. If something is not done quickly the proportion of expenditures constituted by interest will be higher next year. If the interest burden is the same next year as in the present year, it will be possible for the government of fulfill its promise of reducing the income tax by 600 million kronur. Some 3.2 billion kronur should go for interest payments during 1986. However, it is estimated that income taxes will bring in 2.7 billion kronur in the budget proposal that is now before the Althing. Nonetheless, the burden of payments due to direct taxes will decrease next year.

Thorsteinn Palsson emphasized the need to exercise restraint in state expenditures without cutting the purchasing power of wages. The duty of the government is to work to reduce inflation more than in the past and to reduce foreign debt. The Icelandic foreign trade deficit is considerable, not due to trade in goods, but because Icelanders have to pay foreign financiers interest for the loans of past years. Half of all Icelandic capital comes from abroad. The chairman of the Independence Party said that it is desirable to make efforts towards a deficitless foreign trade immediately next year. But such will not be possible without cutting the purchasing power of wages. That is, on the other hand, not the policy of the government.

Palsson also referred in his speech to proposals on cutting the foreign exchange rates of the krona as one way of correcting profits from fishery products. He thought that such measures are of dubious effect, in particular because an increasingly larger percentage of fishing company expenditures consists of costs that will increase if the exchange rate of the Icelandic krona is decreased in comparison to foreign currencies. Thus credit costs are also a large part of operating costs, and no one should think that it will not be necessary to compensate workers in fisheries for the wage cuts that will result from a cut in the exchange rate of the krona.

Report to Parliament

Reykjavik MORGUNBLADID in Icelandic 13 Nov 85 pp 28-29

[Article: "The Previously Decided upon Increase in Tax Collections Will Not Be Needed"]

[Text] Roughly estimated, the individual state tax burden in 1986 from direct taxes will amount to 3.8 percent of monetary income, whereas the figure was said to be around 4.4 percent this year. During the years 1981-1983 the proportion was around 5.5 percent. So stated Icelandic Finance Minister Thorsteinn Palsson when he delivered his budget speech yesterday. Some selections from his speech follow.

Price Changes--Wage Agreements

"Price changes during 1986 will to a large degree depend upon the results of wage agreements at the beginning of the year. It is the announced policy of the government not to apply purchasing power cuts in such a way so as to limit the expansion that is now taking place in the Icelandic economy. To the degree that value creation increases during the next year and the years following we must utilize it evenhandedly to protect the purchasing power of wage earners and repay foreign debt.

"A great deal depends on what the situation will be with respect to agreements. There have been proposals for some kind of a universal wage agreement for workers, employers and the state. I shall not discuss such proposals in detail at the moment. The purpose of such proposals must by and large be twofold:

"First of all, that those parties involved should obtain an agreement on purchasing power and the standard of living which the parties in question will attempt to protect through definite measures. Secondly, efforts must be made in wage agreements not to increase the rate of inflation and debt accumulation. Both of these primary goals are vital in the long run for the goo of the households and the nation as a whole.

"Taking these things into consideration, I think that it is both right and necessary for the government to listen to the proposals that have been advanced on some kind of a general wage agreement like this. That has been done before in more or less the same manner. An effort to achieve this for a given time should not be ruled out in this connection. In times past, success and purpose were evaluated in terms of whether or not it was possible to make a long term agreement in this way.

"Before schemes concerning such proposals are brought forward it is necessary to realize clearly that the government will not enter into discussions with parties in the labor market on such a basis unless there is agreement among the appropriate largest overall associations of wage earners. In this matter one thing cannot be valid for workers in the public labor market and another for state employees. But it is still unclear whether or not there is the real desire for such a proposal or support for it. I would like to state publicly, however, that the government itself is ready for discussions."

Changes in the Proposed Budget

"I will now discuss those changes in the proposed budget which the government and the coalition parties have agreed to present to the Althing.

"The changes are in the income, expenditure and wage portions of the proposed budget. The intention is to reduce income somewhat from that predicted in the proposed budget, i.e. by 300 million kronur. Expenditures will be reduced by 574 million kronur. The operating capacity of the treasury will thus be 397 million kronur, somewhat better than given in the proposal. In addition, there are plans to reduce the amount of foreign debt assumed by the treasury by 500 million kronur and this is practical due to the improved operating capacity and likewise through increased collections of installments and a decrease in creditor and capital outlays. In addition, there is an agreement to reduce the foreign loans of companies with state ownership by 300 million kronur. Through such measures the goal of reducing demand for loans will be met and foreign loans decreased by a total of 800 million kronur.

"The decision has been made not to proceed with proposals to subject certain goods and services--previously not taxed--to the sales tax. The income would have amounted to 400 million kronur. Among other changes in the income section, 100 million kronur in income is added principally through removing the exemption for import and sales taxes. Weightiest here is customs freedom of certain categories of service and capital goods of the Icelandic Post and Telegraph Office.

"In addition, treasury expenditures will be decreased by 574 million kronur over the figures given in the budget proposal.

"It is planned with regard to savings in state expenditures, that 50 million kronur savings will be achieved through elimination of various capital activities or through putting them off temporarily. Some 120 million kronur will be saved through special savings measures in the ministries and state institutions. Definite limits on financing of certain expenditure categories are planned. These include travel and vehicle costs, entertainment and purchasing of services.

"Wage expenditures are to be cut by around 130 million kronur due to a policy of not replacing those leaving government service immediately; this will reduce the amount of overtime and the recruitment of replacements. Effort is now being made to produce detailed proposals on how these things are to be carried out. It should be mentioned that the savings in wage payments discussed here is equivalent to annual expenditures for 230 state positions of those 10,000 positions present among A-portion agencies. Wage costs for such persons are estimated at 8 billion kronur in the proposed budget so that only a small saving is under consideration here in comparison to total state wage costs.

"Proposals for a cut in capital outlay differ in major areas. The plan is to reduce capital outlay in certain areas and to put off projects to meet various needs."

The minister later said:

"There is no plan to cut capital outlays for road construction. However, it is considered possible that the investment plans for the road construction equipment park can be decreased by 30 million kronur, but this will be a matter of the replacement of equipment and vehicles. Road building projects have, to an increased degree, been given up for bid on the open market and the equipment needs of state institutions are not what they once were.

"Concerning the B-portion, it is clear that those state enterprises which have contemplated various investments will have to pull in their belts. Some of these enterprises have been very well supported financially in past years and control large capitals. There are plans to reduce the capital outlay and equipment replacement of the Icelandic Post and Telegraph Office, of Icelandic State Television, of the State Fertilizer Plant, of RARIK and of many other agencies, much smaller in scope."

Income and Expenditures

The Minister of Finance referred later to 1986 state income and expenditures, according to the proposed budget. The income side, he said, is influenced by two major factors: by a decrease in the income tax and large-scale changes in the area of customs dues on the one hand; on the other hand, there will have to be measures to compensate for the income shortfall on account of tax and dues changes and to prevent a treasury deficit next year.

He said more specifically concerning the income side:

"Roughly estimated,the state tax burden of individuals due to direct taxes will amount to 3.8 percent of monetary income in 1986. For the present year the figure will be around 4.4 percent. For the years 1981-1983 the proportion was 5.5 percent.

"The new customs legislation that is supposed to take effect around or at the beginning of next year may result in a reduction of treasury customs income by 250 million kronur. To compensate for this loss of income, likewise for the reduction in the income tax, and also to achieve a balance in state finances, it has been proposed that a plan be issued of changes in the organization of the customs duties presently in force.

"The increase in treasury income due to changed duties will be around 1 billion kronur, it is estimated. The influence of this increased tax collection upon prices is estimated at around 1-percent increase in the cost of living index. The housing index will fall by 0.5 percent, due to decreased tolls on construction materials."

The minister of finance said that the estimated total expenditures of the treasury in 1986 will be 33.4 billion kronur according to the proposed budget. Expenditures for state consumption, that is, the wages and operating costs of institutions, will increase 11.3 percent over the present budget, interest costs by 28.9 percent and various operating costs and consumption supports for companies and individuals by 9.1 percent.

Appropriations for highways are estimated at around 2 billion kronur, for housing at 1.6 billion kronur. In addition, 1.2 billion kronur of loan capital from social security funds are allotted for housing. Financing for the credit fund will amount to 1.1 billion kronur. This fund has become second strongest credit fund in the budget after the construction fund. Payments for goods and energy are expected to be 1 billion kronur.

The minister stated the following:

"When we look at appropriations for so-called welfare matters during the last 40 years, it emerges that appropriations for education and social security matters are unchanged so far as a proportion of national production. On the other hand, there has been an increase in state appropriations for health and social matters, an increase that amounts to 1 percent of national production for each category since 1982. This increase in money at present values amounts to around 2 billion kronur.

"Last of all, I note specially state's financial outlays. Interest payments amount to 1.5 percent of total expenditures in the 1975 budget. In 1980 they amounted to 3.5 percent, 4.6 percent in 1984, 5.4 percent in 1985 and they are estimated to be 6.2 percent in 1986, or 2,006 million kronur according to the older version of the budget. In terms of the present version of the budget, interest payments will amount to 3,244 million kronur and that is around 9.6 percent of expenditures. It is stated in long-term treasury financial projections that the proportion could rise to 12 percent in 1988.

Credit Estimates

"Investment as a proportion of national production has been steadily decreasing during the current decade, from 30 percent of the GNP in 1984 to 21 percent in 1986. However, there has been no decrease in the foreign trade deficit and the decrease in domestic savings has become a matter of concern. Domestic savings remained at or over 25 percent during the last decade and it is estimated that it will be 18 percent in 1986.

"It is estimated," said the minister, "that capital formation in Iceland will decrease by 2.5 percent in 1986. It is calculated that achievement by private employers will fall by 2.7 percent and at the state sector by 4.2 percent. On the other hand, it is anticipated that the amount of housing construction will remain unchanged, but it must be kept in mind that it has decreased by 10 percent this year."

The minister stated:

"Loans to be taken out by the treasury, it is estimated, will total 4.6 billion kronur. Of this 920 million kronur will go for activities of B-portion enterprises and 3,654 million kronur for the needs of the A-portion of the treasury. The plans include the raising of 1,850 million kronur domestically through the sale of savings bonds and 2,724 through foreign loans.

"Effort is now being made to reduce foreign loans to be taken out for the A-portion of the treasury by 500 million kronur as quickly as possible so that a total of 2,224 will be raised abroad. We are thereby proceeding slowly towards the goal of having new foreign loans equal amortization of foreign loans. I would have liked to have reduced the assumption of foreign loans by the treasury even more, however, this could not be achieved in 1986.

"I would place special emphasis on the fact that foreign and even domestic credit should not be obtained for each and every project. In fact, it is inexcusable to take out foreign loans for public operating expenses. In view of the fact that real interest on foreign loan capital is now in the vicinity of 5-6 percent it goes without saying that those projects for which loans are taken should be productive ones.

"To some degree, the domestic credit market has not been in the balance that it should have been during the last 2 years. Credit demand by individuals and the state has far exceeded the available resources. The results of this have been a general imbalance on the credit market and a dearth of savings for real investment. We have attempted to respond to this problem through more realistic interest conditions with regard to public agencies and increased freedom in competition for credit conditions. Increased and hardened competition for savings that has resulted, has, in turn, created special difficulty for public agencies in terms of domestic credit sources. Conditions seem, however, to have improved gradually with a better balance between domestic and foreign credit, both in terms of the banking system and on the public credit market."

1985 Treasury Capacity

"The operating capacity of the treasury is 2.8 billion kronur worse than it was the same time in 1984. Expenditures are up 47 percent but income, on the other hand, only 27 percent.

"Prospects for the probable capacity of the A-portion of the treasury at year's end 1985 shows that the condition of the treasury may be considerably worse than the 1985 budget made provision for. The 1985 budget proposed that the deficit for this year would be 750 million kronur. However, it is now estimated that it will be 1.9 billion kronur."

The minister stated:

"The primary explanations for the increased deficit compared to the 1985 budget are as follows:

"--First of all the influence of the wage agreements of public workers and the increase of pensions and medical support is significant in the increased expenditures, or almost 1.5 billion kronur.

"--Secondly, decisions were made on supplementary expenditures involving the amount of 1.4 billion kronur. Most important of them were increased appropriations for housing, export supports, state subventions and the financing bill for the State Fertilizer Factory.

"--Thirdly, treasury income during the year increased only by around 1.8 billion kronur or 7 percent in terms of the 1985 budget, while expenditures increased 11 percent in terms of the same budget.

"Increased financial needs due to credit and loan difficulties amounted to a total of 660 million kronur. The major reason for this was that provision was made in the budget for the payment of a total of 160 million in amortization to the Icelandic State Bank. In the revised estimate, on the other hand, it is predicted that agreed-upon amortization will be paid to the bank this year up to a total of 690 million kronur.

"To compensate for the supplementary financing requirements of the A-portion of the treasury this year, a total of 1.5 billion kronur of long-term loans is sought in the 1986 credit budget. The plans include raising whatever is lacking in a short-term loan with the Icelandic State Bank to be paid in 1986. The amount is 860 million kronur as emerges from the proposed budget currently under discussion."

The Proposal on Increased Tax Collections Will Not Be Taken Up

Icelandic Minister of Finance Thorsteinn Palsson said in conclusion:

"I have reported in general terms on the proposal for a 1986 budget, along with those changes that have been proposed. The major points are as follows:

--First of all, the planned budget embodies a balance between income and expenditures. This is a real success, achieved through restraint in expenditure decisions and increased income accumulation.

--Secondly, changes have been made in the proposal involving the following:

1. A still greater decrease in expenditures;

2. The previously agreed upon proposal for increased tax collections will not be taken up in part and the promise on a continued decrease of the income tax on public wage incomes will be met;

3. Foreign loans taken out will be less than planned;

4. The welfare system will be unaffected.

--Thirdly, it is now very important to reappraise automatic treasury expenditures to prevent much increased tax collections next year, which otherwise would be unavoidable.

--Fourthly, it should be remembered that there are certain storm warnings evident regarding the management of the Icelandic economy. An effort is being made to promote a better balance through the proposed budget and the planned changes in the government.

--Various conflicting needs and dissimilar interests were involved in the drawing up of the proposed budget. Most spokesmen for these needs and interests hope for various kinds of public actions which would increase expenditures, but few support increased tax collections. Conditions within the national household demand absolutely that the budget be in any given time part of the process of achieving total goals in economic, wage and employment matters that are being striven towards.

"With regard to the dissimilar interests that must be kept in mind in this connection, this proposed budget is certainly not faultless. On the other hand, however, it should be said that there is involved in this budget a government policy which aims at restraint in expenditures without destroying purchasing power and prosperity. That must be considered a great success."

Paper Comments on Report

Reykjavik MORGUNBLADID in Icelandic 14 Nov 85 p 30

[Editorial: "Budget, State Household, Inflation"]

[Text] The draft of the 1986 budget, which received its first discussion in the Althing the day before yesterday, and those changes in it that the coalition parties have announced, are unquestionably in support of constraint and improvement in the state household.

Icelandic Minister of Finance Thorsteinn Palsson discussed the major areas of the government's economic policy in his speech. First of all, the proposed budget embodies in itself a balance of Treasury income and expenditures during the coming year. Secondly, proposed state expenditures, according to the draft budget, have been cut by 574 million kronur and proposed foreign loan making by 800 million kronur. The total reduction in expenditures and in foreign loan making is thus 1.2 billion kronur. Thirdly, the previously proposed additional tax collection will not be carried out. The tax burden of individuals in direct taxation is set at 3.8 percent in 1986, in terms of monetary income. It was 5.5 percent in 1981-1983.

The budget speech of the new minister of finance was awaited with great interest. It established policy as expenditure restraint in the state household without harming purchasing power or prosperity and likewise more moderate taxation. The great problem that the state household is now struggling with and with which the state of the Icelandic economy and of the national household as a whole is connected with, however, will not be overcome in a few weeks. And it has long become clear that there will be no miracle in the state household.

Economics professor Thorvaldur Gylfason discussed "the proposed budget and inflation" in MORGUNBLADID yesterday. He referred to the premise of the proposed budget that new foreign loans be no greater than amortization of old foreign loans and notes that, according to the proposed budget as originally presented, foreign debt of public parties will increase by 2.4 billion kronur, i.e. by 2 percent of national production, looking at the finances of public agencies as a whole. Thorvaldur Gylfason also concludes that the premise of the proposed budget on a balance in public operations will not be achieved since there will be a 10-billion-kronur deficit in public operations, although, to be sure, only 1.1 billion of that amount will have an influence upon the Icelandic economy and promote inflation. Thorvaldur Gylfason says in conclusion that the government's economic policy will result in no control being achieved over growing inflation in the next year.

As was indicated in Thorvaldur Gylfason's article, he based his discussion on the proposed budget as it was presented at the beginning of the Althing. It emerged from Thorsteinn Palsson's speech, in fact, that those changes in the budget proposal that have been presented mean a reduction in expenditures and an increase in foreign loans, to the extent of 1.2 billion kronur. Of this amount, some 800 million kronur represent a reduction in foreign debts, but 1.6 billion kronur in increased foreign debt assumption remain. How will this plan accord with the policy of banning an increase in foreign debt? It will have to become clear later, whether the government has the courage and willingness to carry forward such a cut in public activities. To follow is the discussion of the budget proposal by the Althing, a discussion that has led to increases more often than not. Then there is fiscal year 1986. Expenditures by public agencies have frequently and far too often gone far beyond budgetary constraints. May the government not waver in its policy of restraint.

It is not worth the trouble to compare the objective and well founded criticism of the budget proposal by economics professor Thorvaldur Gylfason with the transparent nonsense of the government opponents in the budgetary debate. The opponents of the government have talked off the tops of their heads, without meaningful criticism and without worthwhile indications of better ways or choices. Svavar Gestsson, for example, had not one word to say about the matter on the agenda. His thoughts and deeds were completely taken up by the scuffling of the party convention, from which he had just arrived, chilled to his heart. Such was the insane zeal of the People's Alliance chairman to discuss the inner affairs of the People's Alliance during the televised speech on the proposed budget that Geir Gunnarsson, the leading spokesman of the party in matters of state finance, was able to say only a very few words in the discussion.

There is no doubt that the policy goals embraced by the budgetary decisions of Thorsteinn Palsson are pointing to the right direction, if measures of restraint are strictly adhered to. It is also proper for economist Thorvaldur Gylfason to look at the state household as a whole, at the treasury, state institutions and the fund system, at policy and decisions in matters of state finance. "Thus it is meaningless," as he said, "to limit discussion on restraint in public financing to the A-portion of the treasury. On the contrary, success is promised through looking for ways to economize in segments of the public sector, especially the C-portion," as he called it.

The advocates of the government opponents in the budgetary debate, on the other hand, make clear to the people the truth of the fact, as we all know indeed, that herein lies the worst cost to the Icelandic nation. There will be no roses picked where no roses grow.

9857
CSO: 3626/10

BRIEFS

INFLATION RISE AT 32 PERCENT--Inflation is now 32 percent in terms of an increase in the consumer price index during the last 3 months, according to a new release of the Icelandic Economic Institute. According to the calculations of the Tax Committee, the index figure for prices at the beginning of November was 155.32 points, 2.21 percent higher than at the beginning of October. The index was 100 in February of 1984. Some 0.4 percent of the increase was due to an increase in the prices of books and various school expenses, 0.2 percent due to a clothing cost increase, 0.2 percent due to an increase in the cost of food and 1.2 percent due to increased costs of various goods and services. A 20-percent decrease in the cost of mutton and a 28-percent decrease in the cost of eggs has resulted in a 0.6-0.7-percent smaller increase in index figures than would otherwise have been the case, it is stated in the press release. Later it is stated: "During the past 12 months the cost of living index has increased by 38.9 percent. The increase in the index figures from the beginning of October to the beginning of November amounts to a 30-percent annual increase. During the past three months the index has increased by 7.2 percent and that is equivalent to a 32-percent increase for the entire year." [Text] [Reykjavik MORGUNBLADID in Icelandic 15 Nov 85 p 16] 9857

CSO:3626/10

PRO-GOVERNMENT SECTOR PROTESTS PRICE INCREASES

Details on Increases

Lisbon A TARDE in Portuguese 25 Nov 85 p 1

[Text] The popular "carcaca" [an alcoholic drink], which lately has seen its weight diminish almost in the same proportion as prices increase, now costs 450 escudos (45 grams). 250 grams and 500 grams of bread went up, respectively, to 25 and 46 escudos, the latter being the consumer good that has suffered the greatest increase, 15.38 percent. A liter of pasteurized milk went up to 53.50 (up 13.8 percent), while ultrapasteurized milk went up to 66 escudos. One liter of high-test gasoline now costs 115 (5.5 percent), regular costs 111 (5.7 percent) and fuel oil costs 70 (6 percent). A cylinder of natural gas (13 kg) remains at 1027 (5.33 percent). Electricity, lower scale, saw its cost go up to 9.50 per kilowatt (14 percent). A cubic meter of water, also on the lower scale, went up to 37.50 (13.5 percent). Transportation registered increases of 14 percent. Thus, for example, an L123 pass (third "coroa" [zone?] from Lisbon) which used to cost 2900 will now cost up to 3300 escudos. And this does not even take into account a whole list of increases which either have already been put into effect or will inevitably be unleashed by those now verified...

Government Accused of Obfuscation

Lisbon A TARDE in Portuguese 27 Nov 85 p 1

[Text] It is a question of the Portuguese people realizing that they are being misled. When all is said and done, it is all a question of knowing whom one can trust. It is also a question of not justifying the measures one has taken contrary to one's electoral promises. It is especially a question of trying to mislead reporters when they discover that there are still more increases on the way and the government first denies it and then ends up confirming it.

Everyone knows, for example, what caused the lack of popular credibility currently enjoyed by Mario Soares. In his electoral campaigns, he promised socialist happiness to the people. When he got to Sao Bento, he referred to price increases. In 1983, he promised austerity and belt-tightening in public management. Everybody knows about the spree that followed up until last 31 October, with the constant subsidies for public companies and increase in investments in the public sector on megalomaniac projects. Belt-tightening was only applied in the extraordinary 28 percent tax in December 1983. Do the readers remember? With retroactive effects and all.

Well, Cavaco Silva is following a similar road. In September on television, and in October in the campaign and after his victory, he also promised social democratic happiness to the people. In November, three days after his government program passed the Assembly, he began to raise prices, when, after all, just under a third of the electorate voted for his bill.

Just before Christmas, without any minimally acceptable explanation, without preparing a press release, he lowered by a few notches the purchasing power of a population on the edge of poverty, as he himself proclaimed in the videos of his campaign. Can it be that prices should have already been increased by the previous government? It is good not to forget that the PSD was also a part of that Central Bloc. Can it be to increase the rate of inflation in 1985 and then present a greater bankruptcy in 1986? Not a very ethical measure whether relative to the promises of the campaign or to the uncertainty of his government lasting one year with parliamentary (and social) support so reduced and unstable. It is quite a different story to govern with the support of 60 percent, 50 percent or 30 percent of the electorate. The present parliamentary picture represents the danger of the leftist majority--even moreso now that the PRD has defined, through "its presidential candidate," its strategic alliance with the communists.

We have one more watermelon party: green on the outside and red on the inside... And what is worse, one that accuses others of lack of ethics and, at the first opportunity, forges signatures and does not release the results of the internal investigation...until the last consequences. The Portuguese, in their crushing majority, may be poor and exploited by rulers far removed from day to day reality, but they do not forget the shamelessness of politicians. It is not enough to visit the markets and the popular streets of the cities and towns to ask for carte blanche from the voters...in pre-campaign periods and during the electoral process. The battle against inflation is not won by increasing prices.

In the USA, for example, any presidential measure is previously explained to reporters assigned to the White House. Over here, the cat and mouse game continues... But even so, reporters are not fooled.

It is easier to govern by raising prices. But it does not pay.

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CSO: 3542/44

INCREASES IN ENERGY COSTS ANNOUNCED

Athens I KATHIMERINI in Greek 12 Dec 85 p 1

[Excerpt] As expected, the increases in electricity prices were announced yesterday. In relation to previous prices, they fluctuate between 16 percent (energy for industrial consumption) and 18 percent on energy for the remaining uses (home, agricultural consumption, etc.). Moreover, the two-month "fixed rate" is being approximately doubled, irregardless of the amount consumed. It is the second time in 1985 that the price of electricity has been increased.

The increases were announced yesterday evening, after a meeting of the DEI [Public Power Corporation] Administrative Council. It was stated during announcement of the new prices that they are being made since the ASKE [Representative Council on Social Control] recognized with its resolution the necessity for a "rational structure for rates, with appropriate formation of a DEI pricing policy which will take into consideration covering administrative deficits."

All these are generalities, of course; they do not explain why deficits were created nor do they persuade that they will be decreased. Actually, in the last four years, the average price of electricity has approximately doubled, the price of oil in dollars has decreased and DEI deficits have noted an unprecedented increase.

The DEI Administrative Council, announcing yesterday the new electricity prices which significantly burden consumers and the cost of producing domestic products, avoided commiting itself to any forecast whatsoever about the percentage of the deficit which will be covered with DEI's increased returns. This is the critical point for the national economy, to which the consumer is being called to contribute without having been persuaded about the expediency and productiveness of his sacrifice.

It should be noted, morevoer, that the DEI announced yesterday the average perccentages of the increases and did not explain if these will be valid irregardless of the amount consumed, which does not allow the social distribution of the burden from increased prices to be computed.

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CSO: 3521/65

END OF GOVERNMENT CONTROLS ON FUEL SECTOR

Athens I KATHIMERINI in Greek 17 Dec 85 p 7

[Text] The petroleum-products market is being decontrolled an average 10 percent in the first six months of 1986 (from 1 January 1986 to 30 June 1986) and another five percent from 1 July 1986 to 31 December 1986. Totally, the average weighted percentage of decontrolling the petroleum-products market from 1 January 1986 to 31 December 1986 will reach 15 percent. This was announced yesterday by Minister of Industry and Energy Veryvakis, explaining the decision of the Council of Ministers issued in implementation of Law 1571/85 which regulates issues involved in the oil policy and the petroleum-products trade.

With the Council of Ministers' decision, in whose frameworks the petroleum-products market in our country will be decontrolled, the total 15 percent is broken down by type, for each six-month period, as follows:

Product	First Six Months 1986	Second Six Months 1986
	Percentage	
Propane	5	10
Liquid-Gas Mixture	5	10
Gasoline, high compression, 96 octane min (Premium) 0.15 gr. PB/1t max	15	25
Gasoline, high compression, 96 octane min (Premium) 0.40 gr. PB/1t max	15	20
Gasoline, ordinary, 90 octane min (Regular) 0.40 gr. PB/1t max	5	10
Kerosene	5	10
Internal Combustion Oil (Diesel) with sulfur max 0.3 percent by weight	15	20
Internal Combustion Oil (Diesel) with sulfur max 0.5 percent by weight	15	20

Internal Combustion Oil No. 1 with sulfur max 0.7 percent by weight	5	10
Internal Combustion Oil No. 1 with sulfur max 0.7 percent by weight [as published]	5	10
Internal Combustion Oil No. 3 with sulfur max 0.7 percent by weight	5	20
Internal Combustion Oil No. 3 with sulfur max 4 percent by weight	5	10

With the arrangement provided by the Council of Ministers' decision, the state's exclusive right to control the domestic petroleum-products market is restricted, from 1 January 1986 to 30 June 1986, to 90 percent and, from 1 July 1986 to 31 December 1986, to an average 85 percent.

These percentages ensure the needs for national defense and those which include the petroleum-products needs of organizations and enterprises (public) of vital importance for smooth operation of the national economy (DEI [Public Power Corporation], etc.).

It is noted that, beginning on 1 January 1986, our country should be decontrolling the domestic petroleum-products market completely. Greece has been referred to the European Court for violating the related EEC instruction. The court's settlement has been predetermined with an EEC recommendation. By the time the decision is issued, we will be in 1988.

Minister of Industry and Energy Veryvakis yesterday announced 10 more presidential decrees and ministerial decisions regulating issues connected to Law 1571/85 "on an oil policy."

Prices

As concerns how the base price of finished petroleum products will be formed, a presidential decree provides that this is designated by: a. international prices; b. the average cost to produce petroleum products at the state refineries; c. the market trend; and d. the weighted value of the principal products in production at the state refineries.

The above conditions mean there will be increases in petroleum-products prices whenever these change significantly.

9247
CSO: 3521/65

ENERGY GREECE

EEC FINANCES ALTERNATIVE ENERGY SOURCES

Athens I KATHIMERINI in Greek 24 Dec 85 p 7

[Text] The European Community is financing with 4,700,000 European Currency Units (500 million drachmas) 13 Greek pilot programs for the exploitation of geothermy, sun and wind energy, biomass, energy saving and the building of small hydroelectric works.

More particularly, in the sector of geothermy and biomass, the pilot programs that were approved are:

In the sector of geothermy, the DEP [Public Petroleum Corporation] program No GE-210 was approved for financing.

This program concerns development of the low-temperature geothermal field in the town of Serres. It includes drilling, short and long term experimental production, with the initial target of heating part of the town of Serres, as well as the study of alternative uses for the geothermal energy produced for application to agriculture and industry.

The economy of energy foreseen from this implementation is estimated at 4,000 TIP [tons of equivalent petroleum] annually.

The cost of this work will be around 300 million drachmas and will be chiefly covered by the program of public investments.

The Community's participation is 110 million drachmas (1 MECU [million European Currency Units]) approximately, and the agency in charge of the work is the Public Petroleum Corporation (DEP).

In the sector of biomass, the European Community approved the financing of program No BM-193 of the municipality of Kalamata.

This program concerns a fertilizer production unit that will treat the town's garbage and the mud from biological purification.

The work will be carried out in five stages and its estimated cost is around 150 million drachmas.

The Community will contribute about 45 million drachmas. A bank loan will cover the balance.

22,000 tons of solid wastes and 1,800 tons of biological purification mud will be treated annually, with the prospect of reaching annually 44,000 tons and 3,600 tons respectively and eventually 24,000 tons a year in the latter case.

The energy expected to be saved from the realization of the above works will be 1042 TIP per year, and the agency that will undertake the realization of this work is the ETBA [Hellenic Industrial Development Bank] together with the municipality of Kalamata.

12278
CSO: 3521/72

END

JPRS-WER-86-010

30 January 1986

West Europe Report

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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JPRS-WER-86-010

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POLITICAL AUSTRIA

STEYRER INTERVIEWED ON CANDIDACY FOR PRESIDENT

Vienna PROFIL in German 28 Oct 85 pp 31-33

[Interview with Austrian Socialist Party candidate for the Federal Presidency, Kurt Steyrer, by Hubertus Czernin and Josef Votzi: "I'm Not a Loser"; date and place not specified]

[Question] Your nomination was very suddenly pushed ahead to coincide with the Floridsdorf party council meeting. The Austrian Socialist Party [SPOe] appears to be somewhat nervous with regard to the election campaign.

[Answer] Neither the party nor Kurt Steyrer are nervous. As far as I am concerned, the election campaign has not begun.

[Question] Why was it moved up then?

[Answer] A party conference is not the proper forum; it is a forum for discussions. It is therefore more appropriate to separate the nomination, which is unanimous, from a discussion of the issues.

[Question] But this looks as though there was an effort to beat Kurt Waldheim's official nomination to the draw.

[Answer] I don't agree. The OeVP [Austrian People's Party] got things going by nominating its candidate last February and thus triggered this rather unpleasant and long election campaign. This put us under duress.

[Question] But now you're off?

[Answer] It is regrettable, since in my capacity as a minister I have a lot of things to do and experience indicates that at this stage of the campaign, even a low profile one, nothing much can be done. It will probably be difficult.

[Question] According to the polls, you are still lagging behind Waldheim by 10 to 15 percent. Does that make you nervous?

[Answer] Why should that make me nervous? We still have 7 months to go. Looking at the starting position, it was extremely favorable for Waldheim.

Mine has in the meantime improved significantly. If I should gain another 5 percent and he loses 5 percent, we are even.

[Question] Okay. How could we convince your potential voters in a few sentences that they should vote for Kurt Steyrer rather than for Kurt Waldheim?

[Answer] First of all, I want to state that I will say nothing derogatory against Kurt Waldheim. I am aware of the fact that a number of things are in Waldheim's favor. He was active in Austrian foreign policy for a long time, and another thing in his favor is that the OeVP nominated him as an extra-party candidate, while in 1971 he was a purely OeVP candidate. We are members of the same age group; I believe he was born in 1918, I in 1920...

[Question] And what differences are there between you?

[Answer] Personally, I believe that I have wide experience in internal policy matters. I have come by this not only as a physician, when I worked in a number of organizations. But as a physician I also learned how to deal with people, in contact with all strata of the population. I believe therefore that I am very close to the people.

[Question] In other words, sort of a populist president?

[Answer] I certainly have close ties to the population...

[Question] ...which Waldheim does not have?

[Answer] I will in no way discuss Waldheim's personality, except in its positive aspects. And I certainly acknowledge the fact that he represented Austria abroad in a highly visible manner; I certainly would not deny that.

[Question] All these are reasons for voting for Waldheim. Since we, too, are voters, can you give us any reason why we should vote for you?

[Answer] I don't want to cite reasons and health policy, because not everyone will be in agreement. That is one of the disadvantages of being a candidate while serving as a minister. The OeVP is working hard to emphasize this point. It believes that I should resign soon...

[Question] ...initially, you had planned to do so yourself.

[Answer] I didn't want to; I merely asked a question. In Austria you cannot ask a question, unfortunately, without the others immediately answering it.

[Question] But you gave different answers to it within a period of 5 days. First you definitely wanted to resign early next year; subsequently--after a talk with Chancellor Sinowatz--everything changed.

[Answer] What I said at the time was that the advantages and disadvantages of resigning just about canceled each other out. The stronger image gained by the minister through his activity is lost through friction. Kirchschlaeger, too, remained in office during the election campaign and from then on had difficulties in winning points in the foreign policy council.

[Question] The environmental protection ministry is, at least at present, an even more sensitive and important department than was the foreign affairs ministry in Kirchschlaeger's times. The environment minister is much more involved in day-to-day politics.

[Answer] True. I'd like to say this though: There was unanimous consent with Kurt Steyrer's environmental and health policies until the moment it became known that I might become a candidate. Until that time, all the votes in parliament were unanimous, with one single exception.

[Question] That is what is so amazing: Environmental politics per se are always full of controversy; yet you, as minister for environmental protection, are a consensus politician. One would not expect that of a fired-up environmental policymaker.

[Answer] I don't deny the fact that a minister for environmental protection has to do a balancing act between economy and ecology. I decided to seek solutions one step at the time. And there is nothing wrong with compromise.

[Question] But can you deal with the dying forests by engaging in consensus politics, or does this require some unpopular measures at odds with the majority?

[Answer] Let me remind you that I was the first environment minister in Europe to implement exhaust emission rules to reduce nitric oxides. Just recently, FRG Environment Minister Friedrich Zimmermann congratulated me on this and said: "You have implemented all the things we wanted to but could not get through the EC." By 1990 we will have reduced lead emissions to zero. I don't want to enumerate for you all the measures we have taken.

[Question] Will Green politics be a big factor in the election campaign?

[Answer] No longer a very big one, I don't believe...

[Question] ...thus there won't be a Red/Green president?

[Answer] That certainly is not my intention. I will certainly deal with the generational conflicts between the young and the old, which is partly a Green problem, too. But, should I be elected president, I would have to be above the parties. Thus, I certainly would not provide an advantage for a coalition of Greens alone.

[Question] What about the Green range of ideas?

[Answer] The Green range of ideas and the environmental protection range of ideas are not necessarily identical.

[Question] As Federal President, would you give a New Year's Day address in favor of Tempo 100 [maximum driving speed of 100 km/hr]?

[Answer] Certainly not. That is an administrative matter. In such everyday policy matters the president must act with circumspection.

[Question] As president, would you involve yourself more strongly in an environmental conflict than did Environmental Protection Minister Steyrer in the Hainburg case?

[Answer] Certainly not.

[Question] In other words, vacillate in the same way?

[Answer] Everybody will, of course, bring up the Hainburg matter and rightly so...

[Question] Critical switch voters accuse you of having submerged during the Hainburg conflict and not having reappeared in public until the whole thing was settled.

[Answer] That is wrong. The problem was solved within the framework of the Federal government, with the participation of the minister for environmental protection. I was not the minister who had jurisdiction in the matter; I did not have the authority to make the decision.

[Question] You yourself were in favor of the power plant in the Stopfenreuther Meadow?

[Answer[Let us say I did not make waves; in other words, I was not against it.

[Question] This has no doubt cost the presidential candidate some votes in the Hainburg Meadow.

[Answer] That is quite possible; I would not argue against it. But I would like to establish one thing: Ask me what happened in environmental protection in Austria prior to Kurt Steyrer's taking office. I feel free to state that the minister for environmental protection was the person who gave birth to the large-scale environmental protection movement. Reflect on all the things I have accomplished since taking office.

[Question] Nevertheless, you have a reputation of making great promises of things to come. The environmental spokesman of the OeVP, Walter Heinzinger, calls you something like "the Green placebo of the Federal Government."

[Answer] I have great respect for Heinzinger; but his status in the Austrian People's Party...

[Question] ...is like yours in the SPOe...

[Answer] No. I'm in a much better position.

[Question] Back to the election campaign. Both you and Dr Waldheim refer to the incumbent president as a shining example.

[Answer] There is no doubt that he has made that office an extremely popular one. But that does not mean that he is to be slavishly imitated. But I would certainly act in a similar manner and not take a position in day-to-day political questions, only in questions of principle. Kirchschlaeger certainly is an extremely humane politician; that part would certainly serve me as an example. To me, the position of Federal President is basically a fire-fighting function. The Federal President is the one who brings the parties together when there are difficulties.

[Question] In the Hainburg case, you would have brought the fire engine?

[Answer] That is what the incumbent president did, to a certain extent.

[Question] Should you be elected Federal President, you will have to form governments. In case of a relative OeVP majority, would you promote a minority cabinet headed by Mock?

[Answer] I would in any case instruct the head of the party with the most votes to form a government. I am not impressed with the experiment of a new-style minority government, particularly that type of minority government. I would urge the establishment of a government capable of attaining a majority vote. A minority government would not stand a chance. The Kreisky government established in 1970 was not basically a minority government.

[Question] You think it was secretly a small coalition?

[Answer] It was not a minority government in that sense. Also, I believe that the Kreisky experiment was a success specifically because Kreisky was at the head of it.

[Question] You would not promote a minority government headed by Sinowatz?

[Answer] I would consider it just as utopian as an OeVP minority government.

[Question] How about a concentrated government?

[Answer] I have stated publicly that I am not in favor of a concentrated government. The dialog between government and opposition is a parliamentarian necessity. But I would accept the desire of a head of government for a concentrated government even if I were personally against it. I do not believe that the Federal President should veto it. I would permit it, but wouldn't think highly of it.

[Question] This puts us back to a continuation of the small coalition. Would you prefer a big coalition, such as labor unions and industrial circles would like to see it?

[Answer] As Federal President, I certainly would have no preference. I would accept any government which could muster a solid parliamentary majority.

[Question] What is fascinating in this election is the fact that for the first time in some 20 years the OeVP candidate appears to have the inside track. What would be the implication if, for the first time in the history of the Second Republic, the SPOe would lose this domain?

[Answer] It certainly would not be pleasant if the candidate of this party were to lose. This is certainly the reason why a candidate was chosen who could fulfill not only the needs of the party, but those of all Austrians. Having chosen a candidate who obviously has in some areas actively represented the interests of Austrian men and women, who as a physician has for 40 years followed a patient-oriented policy--you will have a hard time finding votes against the activities of the physician Kurt Steyrer--I say this without arrogance or prejudice. I had a social security practice, thus never was money oriented...

[Question] Excuse me, we are impressed with your achievements, but next May the people will not vote for the best Austrian general practitioner or dermatologist...

[Answer] ...they are not merely voting for a politician...

[Question] ...but they do, to a certain extent. Your party wants to arrange for three TV debates between you and Waldheim. What is it you will want to argue with him about?

[Answer] That depends. It depends how such a confrontation is arranged. I do not believe in a confrontation which makes both candidates look ridiculous or denigrates them or where one says to the other: You are a lousy foreign policy maker, you are a lousy internal policy maker. Thus, election propaganda for a candidate should only be positive, should only stress what the candidate has to offer.

[Question] Your problem is that Waldheim has worldwide experience...

[Answer] I'd like to say something about that "worldwide experience" slogan: Kurt Steyrer has had a lot of worldwide experience also as a minister and, before that, as a national delegate. After all, a minister in Austria does not exactly sit in a little glass box.

[Question] But it still is quite a difference between him and a UN Secretary General.

[Answer] No doubt about that. But the same rituals apply during the visit of a foreign minister in Austria or the visit of a minister for environmental protection in a foreign country.

[Question] But you cannot hope to catch up to Waldheim's foreign policy experience; he is ahead of you there.

[Answer] I am not denying that foreign policy-wise, he knows more people than I do. But I feel perfectly secure in the mastery of the qualities required of an Austrian Federal President. I just had a visit from the environmental protection minister of the GDR. What do you suppose this entails? The environmental protection minister arrives, is invited to a dinner, just as the Federal President invites a foreign head of state; after the main course, the minister stands up and gives a speech about the things we have in common; then he sits down and the other one does likewise.

[Question] And at the same time Kurt Waldheim visits the UN in New York and hobnobs with major world figures.

[Answer] And I was in Vienna at the UN Ball and talked with all those people in the same way, and I spoke with them in English--believe me, I can speak English pretty well, too. So where is the difference? All that foreign policy experience: How do you suppose the Federal President makes foreign policy?

[Question] He will carry on discussions.

[Answer] And you believe that Kurt Steyrer is not sufficiently intelligent to have ideas about foreign policy?

[Question] Nobody denies your intelligence.

[Answer] I don't want to mention my academic achievements; that has been a long time ago; but I'm sufficiently intelligent to be able to implement certain goals of government policy.

[Question] But compared with Waldheim you still are something of a greenhorn in foreign policy.

[Answer] I disagree completely with that. I have spent 3 or 4 weeks in the United States, not only as a national delegate, but as the head of parliamentary delegations. I spent 3½ weeks in China. I was the head of a delegation in Egypt and Israel, and have had a great number of visits abroad in my capacity as a minister. There is no doubt that Waldheim, as UN Secretary General, stood in the focal point of world politics. I am only asking you whether you consider this to be a mandatory prerequisite for fulfilling the functions of the Federal presidency. Do you think that the mayor of Vienna, Franz Jonas, had that much foreign policy experience? My foreign policy experience is certainly sufficient for fulfilling the position of Federal President.

[Question] As of today, do you feel that after 4 May we will see you in your office in the Hofburg [imperial castle] or as a former minister drawing a politician's pension?

[Answer] That will depend on the Austrian voter. But let me tell you this: I'm not a loser.

9273/13046
CSO: 3620/93

POLITICAL AUSTRIA

SPOE, OEVP AGREE TO COOPERATE IN VIENNA

Vienna PROFIL in German 25 Nov 85 pp 18-19

[Article by Hubertus Czernin: " An Epochal Event "

[Text] After secret negotiations extending over several seeks, the SPOe [Austrian Socialist Party] and OeVP [Austrian People's Party] decide on a huge working program. Though it does not give Erhard Busek a coalition, it brings coresponsibility to the Federal capital.

Normally Erhard Busek is sure of applause whenever he renders a report to the Vienna People's Party Landtag [provincial diet] deputies, but when the deputy major sat down again in City Hall in the early afternoon last Tuesday [19 November] after delivering an introductory address lasting more than an hour, the OeVP deputies remained quiet as mice. Even a timid attempt by backbenchers to respond to Busek's address with applause petered out before it had properly started.

"We simply were run over,"recalls Langtag Deputy Sigrun Schlick. "It dawned on us only slowly that an epochal event is taking place here."

What Busek expounded to the roughly 80 persons present and what later was approved with only three dissenting votes (by Municipal Councilors Johanna Hawlik, Wolfgang Patrik, and Alfred Worm--Ed) is nothing to sneeze at: after 9 green years in opposition, Erhard Busek is assuming some municipal government responsibility again--without, however, entering into an official coalition. "It may be a trial run for a new kind of coalition," Karl Dittrich, president of the Vienna Chamber of Commerce, remarked jubilantly. And OeVP Muncipal Councilor Konrad Mandahus of Doebling, who is no less interested in a grand coalition, stated: "I hope a door is opening there, for the constant chip-chop [Hickhack] is not leading anywhere."

After Busek's mandate to conduct coalition talks had expired end of September without any result, he conducted secret negotiations, mostly on weekends. Talks took place without an official party mandate but, according to one participant, with the feeling "that people from two parties are conspiring here against the rest of the world."

The news blackout worked perfectly until the meeting of the Black [OeVP] Vienna deputies, with the Federal OeVP being left in the dark, Vienna's powerful City Government Manager Josef Bandion not being made privy to the talks, and no leaks to the SPOe machine either. Only Finance Minister Franz Vranitzky and Chancellor Fred Sinowatz were told about the talks--in rough outline--by Deputy Mayor Hans Mayr. (As Busek put it in his address to the deputies, Vranitzky is to come up with the needed small change for "this unique opportunity.")

The deal was initiated as early as last summer by Mayr and OeVO Municipal Councilor Joerg Mauthe. High-carat interlocutors engaged in the discussions all around: On the OeVP side--in addition to Busek and Mauthe--Guenther Goller, leader of the Landtag deputies, Ferdinand Maier, province secretary, and Karl Dittrich, president of the Chamber of Commerce. The SPOe, for its part, sent--along with Mayr--Rudolf Edlinger, leader of the Landtag deputies, and party Secretary Guenther Sallaberger to the negotiating table. Leopold Gratz, Vienna SPOe chairman, did not get into the talks until the final rounds. Mayor Helmut Zik had people report to him in detail and occasionally looked in on the talks.

What the 10 men came up with in their palaver and what the Vienna Provincial Government will resolve unanimously this Tuesday [26 November], unless the SPOe base should rebel at the provincial party congress in the Vienna Sofiensaele the previous evening, is contained in a 10-page working agreement.

It is a document which contains huge projects and, to quote Dittrich, "is going to yield enormous things in the next few years." The key sentence in the preamble states that in Vienna and environs 23,000 jobs are in jeopardy. This is to be stopped by what Busek refers to as "leading Vienna to the Danube" and a complete restructuring of the Danube area.

This is also the first item of the planned SPOe-OeVP Provincial Government resolution. The Socialists demanded that construction of the Vienna dam be started in 1987. The OeVP agreed to examine the project and will approve it if the construction of the power plant is used for a historic large-area urban-planning solution. In addition, the People's Party will agree to partial construction on the Donauinsel [Danube Island].

The second item is listed under the working title "Measures Concerning the Eastern Region." The OeVP demanded the creation of a technology park and founder centers [Gruenderzentren]. The SPOe agreed.

The third item has to do with the Ground Procurement and Urban Renewal Fund. The OeVP called for accelerating the pace, and the SPOe pledged its support. In addition the SPOe pledged to prevail on the Federal Government to come up with an amendment of the income tax law and the residential-construction law.

The fourth item provides for the establishment of a central railway station on the area of the former Northern Railway Station--to include a high-speed route to the Western and Southern Railways. All this is a Federal matter but is implemented in Vienna. As contractors, Ekazent, close to the SPOe, and Konstruktiva, close to the OeVP, are under discussion.

The fifth item of the working agreement provides for the world's fair being pushed by Deputy Mayor Mayr. In 1992 at the earliest.

As the sixth item the OeVP demanded new provisions for promoting residential construction--in the form of tax write-offs for private capital. The SPOe decided not to demur.

The seventh item constitutes an homage to Joerg Mauthe-a cultural offensive in behalf of Vienna.

In the eight item, the OeVP desire is accommodated to restore the reputation of the Vienna medical school by remodeling the hospitals.

In the last miniute or so, a ninth item was included in the working agreement: The Vienna districts get their own budgets-- 1 percent of the city budget, or about 700 million schillings.

The timetable for the various measures is to be fixed by 31 December. A special organizational committee is being formed, to be headed by the two deputy mayors, Mayr and Busek, as well as a Cultural Advisory Council. Action by the committee--and that is the body which counts--requires unanimity. Busek cannot do anything without Mayr, and vice versa. That, according to an OeVP deputy, means that "in facto there is a coalition."

Except for environmental policy and--with some exclusions--public health, Reds [SPOe] and Blacks are now pulling together in the national capital. As early as a year ago, a consensus was reached on urban renewal. Now it is the turn of the entire industrial and construction policy. Nevertheless Dittrich, the head of the Chamber of Commerce, asserts innocently that "there continues to be a wide scope for opposition on the part of the Vienna OeVP.

The truth is that it has abandoned its role as an opposition. It should be mentioned, though, that this has been its aim for a couple of years. The proponents of a coalition a la new Vienna are Busek, Mauthe and Dittrich.

Busek justified this when he addressed the deputies by stating that he was unable and willing constantly to say no, but wanted to share in the action at long last. "It is a unique opportunity," he pointed out.

To be in opposition, he said, is all very well and important, but he wants to make a mark in (city) history. An opportunity for this was provided by the vision of a reshaping of the Danube area. A mammoth undertaking work billions, giganteques in its proportions--in Dittrich's words, "the task of a century for industry and architecture."

Already after the 1983 elections, Busek had been forced to realize that he would never be able to conquer the national capital as a critic in opposition. Any hope that he might be able to turn the majority conditions around in two or three elections came to nil by 24 April 1983, when in lieu of a landslide victory he brought home only a couple of seats.

From then on he aimed at a coalition, first with Leopold Gratz and then with Zik and Mayr. In the final analysis, an admission of failure on the part of an opposition who eats his heart out but is defeated by a system which, at least on the provincial level, does not provide for an opposition. With the exception of Vorarlberg and Vienna, proportional representation rules in all the provinces. "Such a thing as an opposition," complains a friend of Busek's, "is simply not recognized here."

A pleasant side effect of Busek's failure in opposition is the fact that the road into a coalition (or into a working agreement also opens up national political dimensions. Now Erhard B. is considered the kind of man one can talk to anywhere and anytime.

Even more so than Busek, however, Joerg Mauthe strove for rapprochement toward the SPOe. The seriously ill municipal councilor saw his historic opportunity to proclaim a new Gruenderziet [Founder's Period--period of economic development in the early 1870's]. Abandoning his attention to local fairs and cheap restaurants, he now dreamed of a new Vienna.

It is a Vienna the planning for which according to an OeVP bigwig, "for the first time since Karl Lueger [Vienna mayor at the turn of the century] the bourgeois camp will be able to have a hand in again."

The envisaged terrain, the Danube area, is ideally suited for that. The trans-Danubian Districts of Florisdorf and Donaustadt--"a dead city," according to Busek. The delapidated Handelskai, the run-down Brigittenau and Leopoldstadt Districts, where, as Mauthe said eurphorically in early November, one could create a "fasciniating alive urban area," but for heaven's sake "not a new town of concrete and thoroughfares."

A wonderful vision with a lot of snags. Above all, the Vienna dam, where the municipality and the DOKW contractor, which will have sole responsibility for the planned architectural competition, has to expect a great number of technological difficulties--according to experts, catastrophic and enormously expensive effects on the Vienna groundwater and sewage system.

Then there is the partial construction planned for the Danube Island, already affected severly by the dam. It is opposed by Black and Red party functionaries. Already in the seventies, there occurred furious debates as to whether the island was to become a bathers'paradise or a mini-Manhattan, until the swimmers prevailed.

Finally, the Zilk-Busek pact relegates the urban development plan worked out by former SPOe Municipal Councilor Rudolf Wurzer to the wastebasket. As Sigrun Schlick points out sympathetically, Wurzer "thus has worked 8 years in vain."

Nevertheless Erhard Busek has the support of the great majority of his party--of those who have been pushing toward the manager all along, and of those almost would like to believe that the giant Red-Black program will bring no disaster but a new Vienna to the Danube.

"There will be an enormous amount of things to discuss," Sigrun Schlick, for one, says elated.

There is also some reserve, however. The characteristic slogan of the next "city event" of the Vienna OeVP: "Metropolis."

8790/13068
CSO: 3620/167

SPD, GREENS VIEW BONN COALITION IN 1987

Both Parties See Benefits

Bonn DIE WELT in German 14 Nov 85 p 3

[Article by Peter Philipps: "The Green Center Becomes Presentable to the SPD"]

[Text] The signals are becoming clearer: A growing majority of the Greens see in the SPD their natural partner for practical politics. The "Unrealists" in the party are on the retreat. Even among the Social Democrats the fear of contact is disappearing.

Party boss Willy Brandt, the discoverer of the "majority this side of the Union" on election night in Hesse in the spring of 1983, once again had the right feel for the sentiments of his comrades. He "threw a stone into the water" (Brandt) and publicly relativized the strict "No" of his chancellor candidate, Johannes Rau, to any kind of Red-Green collaboration after the federal parliamentary elections in 1987 into Rau's personal objective. Even all the subsequent semantic efforts did not help anything there.

In an interview shortly before that, Holger Borner had already assessed Rau's chances to bring about the new era in Bonn on his own power in this way: "He had better dress warmly." For as long as a social-democratic "collection of fringe groups" in Bavaria and Baden-Wurttemberg" considers itself to be a party, "nothing really can be done alone at the federal level. Hesse as the new SPD model for Germany? In any event the equation is easy to check.

The desire to get back to the fleshpots of power in Bonn has grown considerably because of the electoral successes in North Rhine-Westphalia and in the Saarland. The comrades have tasted blood. Gerhard Schroder is expected to provide an SPD majority, in the Federal Council at least, with a success in Lower Saxony in the coming summer. A few weeks before Brandt's interview he had just recanted with difficulty and--in solidarity with his chancellor candidate--had determined as well to try it on his own in the struggle for Castle Leine in Hannover.

But while the boss of the Chemical Workers Union and SPD representatives in the Federal Parliament, Hermann Rappe, as well as other conservative Social

Democrats as a matter of conviction, Johannes Rau for strategic considerations and Hans-Jochen Vogel and Gerhard Schroder as a matter of solidarity, were rejecting any use of the Hessian example, a change has been taking place in their midst for some time now.

The social-democratic rank and file has by and large put aside its anxiety about competition by the Greens after it turned out that, there too, a quite normal party was beginning to develop. The "new softness" of the Greens toward each other was a chimera. The inner-party trench battles sometimes give rise to almost cozy feelings in the SPD comrades. The bogey is gone, the "social-democratization" of the Greens is becoming apparent.

Opposition leader Hans-Jochen Vogel himself has recently indicated several times the standard for measuring the political and, therefore, also the partnership capability of the Greens: basic questions of foreign and security policy.

Afterwards, on the struggle of that, the SPD representative Karsten Voigt almost imploringly sent a signal: The Greens themselves must know most of all that their position in these areas can not be upheld in the long run if "constructive alternatives to the CDU" are to be realized. Every federal administration that wants to conduct a policy of disarmement and easing of tensions "knows that it must belong to NATO and have the adequate defense capability connected with that." The Greens should at last revise their position of rejecting in principle the Western Alliance out of "honesty" towards the voters and out of "political responsibility."

You can hardly open the door more invitingly. The rising younger generation of the party helped a little as well: The leadership of the Young Social Democrats sat down at the same table a few days ago with the head of the Green Party in the Federal Parliament to settle the question of "whether there exists a basis as regards content for a new policy of reform in central social areas and how the conservative politics of crises can be ended." In connection with that, Young Social Democrats boss, Ulf Skirke, called on his party to "establish continuiing structures for dialogue."

In the meantime the circumstances in the former non-party of the Greens have changed to such an extent because of the authoritative power of day by day political reality that the fear of being pressed against the broad breast of the old mother SPD to the point of suffocation has decreased. And now they do not want merely to protest and to organize political happenings but really put something into action. The sound defeats in the Rhine and Ruhr areas as well as in the Saar coupled with the priming in Hesse have accelerated this development.

Christa Nickels, the former secretary of the Green Party who was rotated out of Bonn, last week received the necessary majority as the state convention of delegates in Dusseldorf for her motion "to use the opportunities for accomplishing things which afford themselves in the parliaments--including taking part in a government." The Social Democrats must "be shown that an SPD which rejects the Greens without any sense of perspective is an obstacle to any change in Bonn." Here the paths of the Reds and the Greens converge. With absolute clarity, Otto Schily, the Green representative in the Federal Parliament who up to now has still been spared from being rotated out because of his participation on the Flick Investigation Committee, was the first to have called for a collaboration with the Social Democrats at the federal level as well. The fact alone that he elaborated on the matter in the SPD organ "Forward" got him the necessary attention.

All by himself, Schily, the bird of paradise who has long been identified as a realist among the Greens, put up a banner which has, in the meantime, become a sea of banners all across the country: His Bavarian and North Rine-Westphalian colleagues have decided to abolish the principle of rotation. Often enough the SPD had reproached them because it was not possible to make any agreements with people who were later no longer available to carry them out.

A "Green center" which professes "ecological constructivism" is becoming stronger and stronger in the party and has produced "Prospect 87." Central to this is its effort to open itself to an alliance with the SPD at the federal level. Brigitte Berthold, a member of the executive council of the federal Green Party, warned her fellow combattants in October that it was "time to come out of the phase of self-denial." To be sure, the Greens are "not a majority maker for the SPD," but a coalition in 1987 would not founder on the person of Rau if it were mathematically possible.

Gone are the days when the Greens were satisfied to be an anti-party and cheerful muesli fans. In the meantime they have realized that in such a way they would shrink into a party solely for the generation in its mid-thirties. For the sake of survival, more and more of them want to conduct politics jointly with Social Democrats, even when they know, on the other hand, that exactly this "breaks the spell" for them and can, through "social-democratization," cause them to disappear again from the political map.

The anxiety which had overtaken the Social Democrats during the apparently unstoppable rise of the Greens has now passed to the Greens. With the background of a 120-year party history behind them and a newly-awakened self-confidence, the SPD today is taking on the competition of the Greens more calmly and, at the same time, more challengingly.

(PHOTO CAPTION: On course to each other: SPD man Karsten Voigt, Green Christa Nickels)

Greens Move Toward Center

Hamburg DER SPIEGEL in German 11 Nov 85 pp 22-23

[Unattributed article: "The Nicest Inessential"]

[Text] A movement to the realist wing is taking place among the Greens: More and more state divisions of the party want to transfer the Hessian model to Bonn in 1987.

In the Duesseldorf Comprehensive School on the Kikweg, Michael Happe, the outgoing speaker of the executive council of the North Rhine-Wesphalian Greens, asked "the national question."

The Green Alternative List spokesman challenged the 300 delegates at the state party convention to decide, "do we want to be an ecological and social reform party which also employs the means of participation in government, or are we an anti-capitalist opposition to the system that considers any participation in the executive branch of the state to be self-corruption?"

The delegates gave the answer in two votes on the future course of the party: A motion was passed in which the Greens committed themselves "to use intelligently the opportunities for accomplishing things which are afforded in the parliaments, including taking part in a government." A paper by eco-socialists associated with Eckhard Stratmann--federal parliamentary representative rotated out of office-- which warned against "leering at the SPD," was rejected by the convention.

The decision in Dusseldorf, one week after the "Yes" of the Hessian Greens to the first West German government coalition with the SPD, marks a turning point in the North Rhine-Westphalian state party which lost out in the state legislative elections in May with 4.6 percent of the votes. For the first time in the largest West German branch of the Greens (8700 members), political realists succeeded against fundamentalists--as one delegate formulated it, the "party-that-says-no" has become the "party-that-says-yes."

The secretary of the North Rhine-Westphalian Green Alternative List, Martin Pannen, appraises the vote in Dusseldorf as a "signal and prior decision" for the Greens at the federal level--quite validly: At the federal party convention in Offenburg in mid-December, the North Rhine-Westphalian Greens will provide more than 30 percent of the delegates. Together with the reformed state parties of Bremen, Lower Saxony and Baden-Wurttemberg, they will make up the majority. "Late, but not too late," (Pannen) those politicians who blame the "Unrealists" for the election defeats in the spring and for the following summer crisis asserted themselves--against those members who are still backing refusal and opposition to the system.

On the weekend before last, the state party conventions in Bavaria and North Rhine-Westphalia decided thus in favor of abolishing the two-year rotation for mandate-bearers. In the future, North Rhine-Westphalian Green Party representatives will be allowed in exceptional cases to remain in the Federal Parliament for even two legislative periods in succession. And more and more Greens recognize that alternative politics is best represented if it is also carried out--in alliance with Social Democrats.

On June 15th of next year in Lower Saxony, the party, along with the SPD, intends to topple CDU governor Ernst Albrecht. In Bremen, the Greens announced that in 1987 they intend "to break the absolute majority of the SPD" in order to form a coalition with it.

In Bonn, Alternative Party members put forward a motion which aims at a coalition with the SPD after the next federal parliamentary elections. Even the Green Party member in Bonn with the highest profile, the Flick-investigator Otto Schily, is prepared for "hard coalition negotiations with the SPD."

The turning away from refusal and rotation to parliamentary responsibility and continuity of personnel--Pannen: "The Green/SPD block must be recognizable, our policy clear as glass and calculable"--has a double effect: It embarasses the Social Democrats with whom Alternative Party members compete for potential voters on the Left, and it forces the fundamentalists and eco-socialists, who set the tone during the founding phase of the Green Party, to the fringes of the party.

The Green Alternative List's executive council, which is dominated by the "Unrealists," scoffs North Rhine-Westphalian Green Gabriel Falkenberg, has "become the nicest inessential of the party"--a body with no influence whose resolutions hardly anyone takes seriously any more.

The fundamentalist executive council speaker, Jutta Ditfurth, who spoke out against the coalition in Hesse, has already been threatened by the designated Hessian environmental minister, Joschka Fischer, with "a discussion on the question" of whether "she really represented the party with its various trends." The third speaker of the executive council, Lukas Beckmann, reproached the eco-socialist Ditfurth-colleague, Rainer Trampert, for being responsible for the fact that the "further development of the Greens was, by and large, bypassing the federal executive council."

In Duesseldorf, Falkenberg received applaus for his call for a "clear, though for many painful, break with the previously practiced irresponsible fundamentalism" a la Trampert and Ditfurth. Falkenberg:

The problem is not an allegedly unpolitical Left outside the Greens, the problem is self-complacent, narrow-minded leftists among the Greens who are reluctant to learn. Not "the Left" as such, but those who always limit themselves to chanting their revolutionary Sunday oratories with the same tired vocabulary about the completely different logic of development, about the fundamentally different alternative and about the basic opposition to the ruling powers, just like ten years ago in the Socialist Office or in the KB (Communist Office), and who thereby appear to be uncommonly dangerous. A Green Left which has learned nothing from the German autumn and which denounces every real change in conditions as reconciliation with the system. Because it cannot be what it may not be: the step-by step change of this system through reforms.

While the scolded fundamentalists were quitely taking their blows from Dusseldorf for the time being, the "Realists" were carrying their offensive even further.

The new North Rhine-Westphalian state chairman, Hubert Niehoff, insisted at the end of last week that in the federal parliamentary election campaign there must "not be any doubt about the willingness of the Greens to work together with the SPD."

And the federal parliamentary representative, Heinz Suhr, immediately conveyed to the Social Democrats the suggested price for a Red-Green coalition in Bonn: "about four ministers for environment, women's affairs and foreign affairs" as well as "an office for peace policy."

13137/13068
CSO: 3620/109

GENSCHER WEIGHS POLITICAL CONSIDERATIONS IN APPROACH TO SDI

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 9 Nov 85 p 1

[Commentary by Claus Gennrich: "Still the Old Tactician"]

[Text] What does Genscher want? This question has kept the Bonn coalition busy for months. It was about the divergent views on SDI. Now another question has come up: Where does he stand? The answer is becoming urgent for him. Bonn must make a decision in a few weeks; the ministries must take a position one of these days. The time to play games is getting tight. Lately, Genscher has been emphasizing everywhere his friendship with Kohl: a bit embarrassing, but evidently necessary.

Genscher's stake in the game is the FDP--besides the foreign ministry. Officials can be pushed into the limelight and, as necessary, be disavowed if, in the end, accommodation to peace within the coalition requires it--the trick is to avoid pinning oneself down despite all innuendos. Under certain conditions, this procedure may also be applied to FDP politicians; however, here Genscher has had some experiences that should be a warning to him. The FDP feels pinned down--to Genscher's skepticism about the SDI. Many have interpreted his reservations, not without reason, as rejection of a national shield over German participation in the SDI.

Representatives of the economic wing, such as Count Lambsdorff, are giving more weight to industry's desire for a national shield. Now, the balancing act should be to explain to the FDP that it wouldn't be obligated to anything more than "skepticism" and certain conditions; a mere exchange of letters between Bonn and Washington--less than a general agreement--would, therefore, be acceptable.

A mantle is already being sewn for Genscher to don; on it, a threefold success story is outlined in glittering letters: No single-handed pushing forward by Bonn in Europe because Britain leads the way with her participation in the SDI, and Italy goes along; an excessive East-West chill has been avoided; and Eureka has improved relations with France. The FDP leaders are painting the label.

Some people, who thought they agreed with Genscher when bragging with warnings against the SDI and with the announcement of another delay in making a decision--as Deputy Feldmann did in the Bundestag and the mass media--might then be disappointed. So long as Genscher believes that it is useful to permit these people to use the SDI issue for venting their unhappiness over the still-unpopular coalition, they can count on a sort of division of labor with the cautious minister; once the circumstances change, this will change as well.

In the long run, Genscher wants to remain foreign minister--Kohl hasn't promised him that, but this is Genscher's goal. Therefore, he has to be careful in laying out his views. Leading FDP politicians believe there is reason to cautiously indicate to the foreign minister that they support him in this but expect him not to jeopardize the party's determination to stay with the coalition. The SPD is promoting such suspicion; Genscher likes to think of himself as a link between the government and the opposition. He underestimates the danger of accepting repeated praise from within the SDP.

Just as the FDP leaders are convinced that the CDU/CSU will enter into an SDI agreement, they also know that, while the FDP voters value the party's independence, today they want longer-term bonds to the coalition with the CDU/CSU. Genscher is vacillating between these expectations. Something irrational makes him exaggerate: his private war against Kohl's foreign policy advisor Teltschik.

Evidently, Genscher has been unable to recover from the federal chancellor's appointment of somebody as his foreign policy and security advisor and head of an interministerial SDI working group, who is not under the control of the Foreign Ministry. Teltschik's independence irritates Genscher because he considers him a competitor in Kohl's environment. Kohl's confidence in Teltschik, which is based on experience, appears to Genscher like a violation of the chancellor's obligation to show gratitude for the change of government in 1982. Deep down he is unhappy about seeing his own influence diminished. Genscher uses the word "friendship" ever more frequently to describe himself as being indispensable. Politically, this is not wise.

FDP Chairman Bangemann is more successful with his party than in his influence outside. For Bangemann it is unpleasant that Genscher's new "image" in SDI and Eureka matters outshines that of the chairman. But he takes it in stride. He does not consider Genscher a danger; among the FDP leaders, the foreign minister exerts a decisive influence only in his area of competence; there, Lambsdorff is more active. Genscher avoids the appearance of wanting to embarrass Bangemann. But he is the one who determines the details for the SDI.

Since Genscher, with his innuendos, is nibbling away not only at Kohl's, but indirectly also at Bangemann's prestige, the CDU/CSU must back Bangemann and treat him with caution. At times, Genscher is giving the impression that he seeks to put some distance between himself and the CDU/CSU; Bangemann, in most instances, is looking for agreement. Bangemann is frequently imprecise in his statements; yet he has a calming effect within the party and the government coalition. The FDP leaders are concerned about his so-far small influence on the voters. Here, organizer Haussmann wants to lend a helping hand.

Unless he overplays his tactical games, Genscher may be able to pull a few SPD votes over to the FDP--the risk, of course, is that he may also drive others away. A steady force at the helm, free of the passion to gamble, should now step forward--if it exists.

7821/13046
CSO: 3620/90

DENG TELLS GENSCHER PRC SUPPORTS GERMAN REUNIFICATION

Bonn DIE WELT in German 2-3 Nov 85 p 1

[Article by Bernt Conrad: "Deng Supports Objective of German Unity--'Reunification Historically Inevitable'--A Balance Sheet of Genscher's Trip to China"]

[Text] Bonn--The Chinese leadership, which lately had considerably reduced its public support for the reunification of Germany, continues to support the historical necessity of all Germans living together. This is part of the findings made during the visit of Federal Foreign Minister Hans-Dietrich Genscher to Beijing and Guang-zhou.

The principal witness for this is China's "strong man," Deng Xiaoping, who assured his guest: "In the end, Germany will be reunified. Such a historical development is inevitable."

The Chinese premier, Zhao Ziyang, when asked about the same subject during his visit to Bonn 4½ months ago, expressed himself far more cautiously, saying: "We always appreciate the German people's concern for national unity. But this can only be resolved by the German people themselves, provided that it serves the German interests and peace." This proviso testified to consideration for the "GDR," which lately has become more interesting for Beijing not only as far as economic matters are concerned.

Deng, Zhao's mentor, thinks more in terms of historical perspectives. However, this did not prevent his professing also vis-a-vis Genscher his interest in the development of the "GDR" and the other Warsaw Pact countries. The 81-year-old initiator of the Chinese course of reform--here again, similarly as de Gaulle, thinking historically--would welcome it if the closer moving together of West Europe also radiated to East Europe and had a political effect there.

Being enough of a realist not to call into question the membership--not subject to change in the foreseeable future--of both parts of the continent in their respective treaty systems, Deng used definitely populist language when he said: "We hope that the East and West Europeans will not let themselves be engaged in war." Back of this all-European vision obviously is Deng's strategic aim to weaken the imperial power of the Soviet Union over the long term.

For despite all the equidistance to both superpowers, the United States and the Soviet Union, displayed by it, and despite its efforts to reach at least something of an accommodation with Moscow again, Beijing continues to be interested in erecting counterweights to the Soviet Union. It is in the interest of this that it supports whatever strengthens the European Community as an independent political and economic power, including the Eureka project. This perspective--in addition to concrete economic interests and historically-anchored bilateral ties--furnishes an additional argument in favor of close relations with the Federal Republic of Germany as the force which, in the eyes of the Chinese, leads the European Community together with France.

This was made just as clear by Deng and Foreign Minister Wu Zueqian to the Bonn foreign minister as it was by two of the coming men of China--Hu Qili, the likely successor of Communist Party General Secretary Hu Yaobang--who almost behaves like a Western manager--and Li Peng, the technologically and industrially well-versed vice premier and heir apparent to Zhao Ziyang.

Toward these Genscher reacted and acted with a lot of empathy. His basic attitude, constantly restated in one form or another, was received well by the Chinese: "We are friends of China and have every reason to cultivate our relations with it--politically, economically, and culturally. In the process, we are interested not only in furthering our own exports but in showing understanding for Chinese export interests."

Perhaps the Federal foreign minister here and there went too far in glorifying sometimes almost to the point of euphoria the European factor, which in reality is far less developed at present, but the Chinese applauded him. At the concluding banquet in Guang-zhou, this almost turned into something like fraternization.

Yet Genscher also had to take note of the fact that the businesslike Chinese by no means were ready to do without the East Berlin competition, even during his visit. One day before the Bonn vice chancellor met with Deng, party chief Hu Yaobang received SED Politburo member Guenther Kleiber, in charge of machine building in the "GDR" Government. Hu's message in the course of it was: "We have no reason not to develop our relations further."

8790/13046
CSO: 3620/113

POLITICAL FEDERAL REPUBLIC OF GERMANY

STUDY SHOWS YOUTH INCREASINGLY OPTIMISTIC, SUCCESS-ORIENTED

Bonn DIE WELT in German 13 Nov 85 p 1

[Article by Peter Phillipps: "Youth Again Sees More Meaning to Life"]

[Text] The young people of the Federal Republic assess the future positively, reject violence as a political means and consider career success to be a goal worth striving for. Those are the trends in a survey by EMNID (Research, Opinion and News Information Service) for the Federal Ministry for Education and Science. Its boss, Dorthea Wilms, boasts: "The apathy has been overcome."

Thirteen hundred thirty-two young people between 14 and 21 years of age form the basis of the EMNID-findings. For them, the idea of having children themselves one day is, more strongly than in previous years, a part of their description of a "meaningful life." Friends, hobbies and family are at the top of the scale for the "achievement of personal satisfaction." In fourth place, then, comes the desire "to do something for the common good." The place of importance for "happiness with a career," "career success" and "making a lot of money" has slid much higher up as well. Being able to live for the present" has become a permanent value on the scale.

Yesterday Minister Wilms drew her conclusions from the study done in the months of August/September, 1985: "The results show clear changes in the thinking and behavior of young people in contrast to previous years." Sixty-six percent have a positive assessment of the future.

In similar polls by EMNID it was about 50 percent in 1983 and, in 1981, even as low as 42 percent. Four years ago a majority of 58 percent looked to the future pessimistically. "The development of a sense of resignation," according to the politician, "is therefore receding." Seventy-eight percent are "very satisfied "today or "rather satisfied" with their lives.

The fact that the rising generation is characterized by the will to "overcome problems," as Mrs Wilms stresses, is revealed in the increased prestige of career success. The desire for a career is strongly pronounced. For the majority "achievement and success are a part of life." Three fourths, therefore, find it "correct that in our economic system the one who achieves a lot can also attain a lot."

Increasing the availability of training opportunities, educating about environmental protection and training and further training of the unemployed are the principal tasks of educational policy as envisioned by young people. In fourth place followed better career opportunities for women and in eighth place the demand for broadening the services of the Federal Educational Assistance Act. The invariably highly regarded university preparatory diploma is now considered by 62 percent to be "useful even without university study afterwards."

13137/13068
CSO: 3620/122

TRADE MINISTER LAINE UNDER FIRE FOR VIEWS ON USSR TIES

LD072023 Helsinki Domestic Service in Finnish 1700 GMT 7 Jan 86

[Text] President Mauno Koivisto says in a statement he issued a moment ago that he supports the work of Minister of Foreign Trade Jermu Laine, and hopes that Laine will continue in the government. President Koivisto thus rejects (allegations circulating) in public, according to which Minister of Foreign Trade Laine has fallen out of favor with the president of the republic, and because of this is considering resigning from the government.

President Koivisto says in his statement that apart from the plans which Minister Laine might have had, I hope he will continue his creditable work in the government in the knowledge that he has had and also still has my support.

[Word indistinct] By rejecting now allegations of Finlandization; President Koivisto ends his statement. According to reports the minister of foreign trade would leave the government during the spring. According to HUFVUDSTADSBLADET this morning, Laine might become the director general of the Board of Customs or the Board of Navigation, or become the governor of Mikkeli Province. According to the newspaper the reason for Laine's resignation would be criticism from certain high Soviet quarters and Laine's bad relations with the president of the republic.

Diet Deputy Esko-Juhani Tennila, member of the minority faction of the Finnish Communist Party, attacked Minister Laine vehemently today in the Diet. Tennila accused Laine of an unenthusiastic attitude toward trade with the Soviet Union and of giving strongly pro-Western statements. Tennila mentioned in his speech the possibility of replacing the minister of foreign trade. We need a minister of foreign trade who carefully prepares his statements and wants sincerely and actively to promote our trade with the Soviet Union, said Tennila.

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CSO: 3617/48

CP PAPER TERMS EUREKA NATO PROJECT

Helsinki TIEDONANTAJA in Finnish 13 Nov 85 p 13

[Article by Johannes Pakaslahti: "Facts Must Be Acknowledged in Eureka Debate"; passages enclosed in slantlines printed in boldface]

[Text] The Finnish debate on Eureka, full membership in the European Free Trade Association, and the European Space Agency is burdened by an irrational misconception. We are forced to reach this conclusion when we compare West European newspaper articles, among others, with their Finnish counterparts.

In Finland it is recited monotonously that what is at stake are purely technological goals or routine technical solutions which have nothing to do with politics. In the NATO and EEC countries of Western Europe, people talk in a straightforward manner about the issues. They see, among other things, that Eureka's objectives are political unification as well as high-tech development, they discuss its military possibilities, and they evaluate technological integration as an explicit tool of political struggle in relation to both the Soviet Union and the United States.

In Western Europe, Finland's current leaning toward the West is placed in a political framework, and people are sizing up--or rather speculating about--mutual relations between Finland and the Soviet Union.

Finnish Debate Slanted

There are two sides to the Finnish debate. In public, people speak as if they were talking to a church congregation. On the basic issues--the ones that possibly rattle their conscience--they keep silent. How else can we account for the fact that the powers who bear direct responsibility for the Eureka preparations have shown very little desire to shed light on the political, strategic, and military dimensions which are discussed elsewhere? What also goes unreported are those appraisals of Finland's current Western proclivity which have been repeatedly offered in the world press.

The heart of the problem in Finland seems to be, first of all, that the steps toward integration with the West--steps prepared by inner rightwing circles and commercial and industrial life--are taken too far, possibly on the basis of an erroneous overall evaluation given by these sources. Afterwards, silence is maintained about decisions significant from the viewpoint of Finland's national interests, or there is talk only of their technical and civilian aspects. Everything else is disregarded: military and political questions and those issues related to our country's positions on foreign policy and trade.

The behind-the-scenes decisionmakers have also made the situation patently painful for the president. Decisions on integration made in the time of his forerunners were preceded by a broad, open debate in public and in the Parliament. In this way, citizens from diverse circles had the opportunity to evaluate the importance of the solutions offered and to influence their content. Thorough discussions were also conducted with the Soviet Union.

Let us therefore return to the Kekkonen method of evaluating international politics. Kekkonen emphasized that making a correct appraisal of a phenomenon, incident, or process in international politics presumes a thorough mapping of the terrain. With its help are outlined the various goals of distinct groups which, for their part, have a realistic chance of influencing the issue which is the target of appraisal. The presumption was one of unabashed realism and acknowledgment of facts--whether the Finns liked them or not.

/In the case of Eureka, why was the idea for joining this project brought up precisely now? After all, the development of high technology has been discussed for years in Western Europe, and many proposals on this issue have been made./

"Little Star Wars"

Just raising this question leads us to see that the central motivating factor has been specifically the new situation created by the U.S. Star Wars for its West European NATO allies. A more precise analysis shows that because of their own political, military, and economic goals these countries have, of course, different ways of approaching both Star Wars and Eureka:

--Some want to develop Eureka specifically as a civilian tool for the advancement of high technology.

--From the very outset, some considered Eureka a gathering of united forces with whose help a better negotiating stance is obtained when cooperation is discussed within the framework of Star Wars.

--Some, for their part, support Eureka only if it turns into a tool for the political unification of (Western) Europe.

--Some want to use it to strengthen the position of the Council of Europe, some the European Community in general.

--The interest of some arises from the fact that by abandoning their own high technology they can develop a so-called Little Star Wars, which has recently received additional support under the name of European Defense Initiative (EDI). The European Air Defense Initiative (EADI) and the IDEA of similar content are also the object of discussion.

--Some, for their part, stress the development of hypermodern conventional weaponry in Western Europe.

--For Great Britain and particularly for France the implementation of Star Wars may mean a sharp reduction in the significance of their own nuclear weapons. In order to prevent this, various alternatives are being sought. All presume an improvement in high technology.

It was obvious to everyone from the very beginning that Eureka's research subjects and teamwork projects on the basis of French initiative were--in terms of high technology--identical in part with Star Wars. This does not mean that Eureka and Star Wars are one and the same but /it does indicate what the starting points and the broad outlooks for progress are in the light of which the possibilities offered by Eureka--still hovering in the air--are being weighed by those West European groups which, in the final analysis, will both guide Eureka and exploit its results./

At Stake Is NATO Project

When the French said at the very start that Eureka is a civilian project which will have military offshoots, Finland should have taken into account France's well-known military goals, those directed at space and at development of the weapons industry.

When right at the outset there was talk in the Federal Republic of Germany about Eureka as a tool for the political unification of Western Europe, we should have asked whether Finland has a place in the orb of this project to unite the NATO and EEC countries.

But when Chancellor Kohl introduces Eureka as the way to Star Wars, the only official reaction in Finland is a comment by an office chief from the Ministry of Trade and Industry: The leader of the Federal Republic of Germany--one of Eureka's key countries--is talking nonsense!

To continue in the sphere of the Kekkonen approach: we must always take into consideration the special features of Finland's position, our national points of departure and conclusions. Finland has the Agreement of Friendship, Cooperation, and Mutual Assistance with the Soviet Union. Finland is a member of neither NATO nor the European Community. Under these circumstances, the question of Eureka, the European Space Agency, and other integrative arrangements is broached differently from the way it is for those who are members.

While Eureka can be an instrument for the West European NATO countries to increase their independence from the United States, the issue does not assume that shape for Finland. Eureka is a tool for integrating Finland with the West. At the same time, it provides the United States with opportunities to influence Finland's conduct. High technology is a political tool for the United States.

What the crucial points of collaboration in the Eureka project are is a matter which will be resolved in the upcoming internal evolution of power relations. The important NATO countries have a decisive position in it.

It is high time to acknowledge in the ongoing Finnish debate that for a country outside the West European military bloc a political issue is also intertwined with this process: from Finland's viewpoint, it is a matter of dependence and how that dependence is evaluated.

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CSO: 3617/44

NORDIC MINISTERS' SCIENCE POLICY CONFERENCE

Small Countries, Few Resources

Helsinki HELSINGIN SANOMAT in Finnish 29 Nov 85 p 38

[Article by Jukka-Pekka Lappalainen: "Science Policymakers Discuss Norden's Smallness"]

[Text] Copenhagen--"Is Norden too small?" asked Danish Minister of Education Bertel Haarder at the science conference of the Nordic Council of Ministers which began in Copenhagen on Thursday.

The reply of Haarder and other experts is a unanimous yes. At the present stage of science, Norden [the five Nordic countries considered collectively] has in most cases become a region too small for scientific cooperation, even though the need for cooperation varies greatly from country to country and from one branch of science to the next.

"This does not mean that Nordic cooperation in research is unnecessary--quite the contrary," emphasizes Haarder.

Representatives of research management and scientists from all the Nordic lands see an improvement in cooperation. Alone and separately, the Nordic countries are small, but together, as a five-country unit, they can successfully pursue their goals in science and in other areas.

A common course of conduct beneficial to each small Nordic country may result from the Eureka project--the name of which, according to one person who took the floor, no one even knows how to pronounce correctly yet--which is sailing along in a favorable wind of publicity.

According to Juhani Kuusi, director in chief of the Center for Technological Development, the Nordic countries found each other quickly in the Eureka project and were able to influence the policies adopted at the recent meeting of science and industry ministers in Hannover. Kuusi confirmed that the 10 projects agreed upon in Hannover were just the beginning of the Eureka program. More precise positions can be taken after the ministers' meeting next spring.

"Nordic teamwork gives us a better basis for seeking out international cooperation and for being able to influence it," observed Haarder.

Increasing the mobility of researchers is an important goal of the Nordic lands. This has also been the collective aim of the European system of fellowships for researchers.

Professor Martin Holmdahl, rector of Uppsala University, called for an authentically international character in teaching.

"Sweden's contribution to the world's new knowledge is roughly 1 percent, slightly higher in some fields." In the other Nordic countries, the percentage is smaller than in Sweden.

In Holmdahl's opinion, the Nordic countries' strong areas, such as molecular biology at Uppsala, should be given more support. He has a concrete proposal: training and research courses are needed in which half the participants are from Nordic countries and half from other parts of the world.

Improving the quality of research receives the unqualified support of the Nordic council on science policy. Quality requires physical and intellectual mobility, but more and more often it also implies new research techniques and costlier equipment. In certain areas, it does not pay for an individual country to tie up tens or hundreds of millions of marks in the acquisition of equipment.

The Nordic countries have initiated the joint acquisition of equipment: the first apparatus, a telescope, is located on the Spanish island of La Palma.

European cooperation in research is increasing and affects all the Nordic lands. In addition to Eureka, Finland is negotiating for auxiliary membership in the European Space Agency and for cooperation in research with the European Economic Community.

A popular form of Nordic cooperation in science has been the activity of the research worker course, which began in 1972.

A new incentive for cooperation was establishment of the Nordic Research Policy Council (FPR) in January of 1983. It is an organ of the Nordic Council of Ministers which gives advice on general and long-term science policy and also takes the first steps toward expanding cooperation in research.

This year the Nordic countries will use altogether roughly 35 billion Finnish marks for research and development. Approximately 15 billion of that sum is contained in state budgets. Sweden's share of the total expenditures for Nordic research is 55 percent; the share of Norway, Finland, and Denmark is 15 percent each, that of Iceland under 1 percent. Roughly 180 million Finnish marks are spent on Nordic cooperative research, over 1 billion Finnish marks on international research activity.

Independence, Cooperation Equally Important

Helsinki HELSINGIN SANOMAT in Finnish 30 Nov 85 p 24

[Article by Jukka-Pekka Lappalainen: "Norden's Science Requires Independence and Cooperation"]

[Text] The self-sufficiency of Nordic research was strongly emphasized by Professor Reijo Vihko at the science conference of the Nordic Council of Ministers which continued in Copenhagen on Friday.

"The new high tech in genetic technology and other areas costs so much that the Nordic countries simply cannot afford to buy it--not even jointly. The names and buildings of foreign firms are for sale, but we do not have enough money for the brainpower. The Nordic countries' only possibility is to acquire the knowledge through their own research."

A big problem is also the lack of full-time researchers. "At the universities, there are no people whose sole task is to do research and only research. Let the topflight scientists be full-time researchers or let them become such!" said the Oulu University professor who conducts cell-biology and cancer research mostly with international grants.

Magic Word

The magic word Eureka--a joint high-tech project of 18 European countries--came up when the conference arranged by the Nordic council on science policy continued. The conference deals with European cooperation in science.

On Thursday, Swedish Eureka-ambassador Ulf Dinkelspiel discussed President Francois Mitterrand's ulterior motives: why does France want to extend scientific, technological, and industrial cooperation outside the European Economic Community?

Although France's motives can be interpreted in many ways (in the opinion of some, there are no ulterior motives; according to others, it is useless to discuss them), it is generally conceded that Eureka and the publicity it receives are a phenomenal accomplishment in European scientific cooperation. At no stage has a single one of the older and larger genuine joint projects obtained this kind of press coverage.

But the myth and the magic word, the trite phrase which is uttered a sufficient number of times, often change, like fairy tales, into reality. That is precisely the way it seems to be happening with Eureka, too. Though it has come no further than the planning stage, Eureka is already a conspicuous catalyst. According to Dinkelspiel, it provides business firms with incentives, opens new doors, and makes the economic community think more freely than before about other countries. The project's ideas, such as a computer network for European research, can, upon implementation, in many ways bolster growth in our part of the world.

Finland and Eureka

Outside the conference doors, the notion was confirmed that Finland's initial difficulties in being admitted to Eureka were not the fault of the French. Since the start of the 1970s, Finland has participated in the shaping of research teamwork among European countries, but people change and plans change.

Even after the project with its preformulated intellectual basis sprang forth as Eureka, Finland was not forgotten, as far as we know. But neither was Finland found to have shown any special eagerness for teamwork, and word of its latent activity did not reach the French in time. A personal message from President Mauno Koivisto to Mitterrand was needed--and a big public uproar--the aim of which has made a strange impression on the French.

"Supplementary Part"

Finland's strong position in Nordic scientific teamwork is evident in many ways.

Juhani Kuusi, the director in chief of the Center for Technological Development who delivered a lecture on European cooperation, stated that Eureka should not be considered an isolated project. "It is a part which supplements many kinds of European research teamwork and which seems to offer substantial opportunities, if we know how to take advantage of them.

"Right from the outset, Eureka has represented industrial cooperation, which is in a sense only the tip of the iceberg. There is still a lot to do in basic and applied research, in the subaqueous part of the iceberg. In basic and applied research--but not in commercial exploitation--Europe is at the level of Japan and the United States.

"In Finland's international science programs, Finnish-Soviet scientific-technical cooperation and the Nordic affiliations are still fundamentally important," states Kuusi.

Kuusi, who serves as chairman of the administrative board of Nordforsk (the organization for scientific-technical cooperation among the Nordic countries), points out that Europe is no longer the focal point of the world. "The world has changed from the way it is depicted in secondary-school textbooks. A clear majority--55 percent--of new knowledge is created in the United States and Japan. Europe's share is 30 percent and the Soviet Union's 15 percent. The share of Sweden, Norden's leading country in research, is about 1 percent."

Praise

The first triennial report of the Nordic Research Policy Council (FPR) received praise. Created in 1983, the FPR is an advisory organ of the Nordic Council of Ministers.

Elisabeth Helander, chairman of the FPR and research director of the Finnish Academy, considers a speedup of the Nordic courses for researchers one of the central tasks. With the support of the FPR and on the initiative of research professor Yrjo Neuvo, state-of-the-art training in information technology is at the starting line.

An entire series of educational courses will be introduced in the next few years. The first course on digital processing of signals will be in Norway in December, the next on robotics and computer vision in Oulu.

In Helander's opinion, a successful experiment will create the conditions for permanent winter and summer schools at which domestic and international experts would offer the best new information to all postgraduate students of the Nordic countries. The courses will be accepted as study attainments for the doctoral examination in all Nordic countries.

The FPR is also planning systematic training in the health care sciences, among others. Instructional teamwork in research methods for expert systems, astrophysics, cell biology, text analysis, and environmental poisons is picking up speed.

Cooperation is increasing in research on old age, nutrition, and computer languages. The need and possibility for cooperation have already been made clear in biotechnology and classic linguistics.

Appraisal of research work is one of the key goals of the science policy council. Outside experts have clarified the situation of the Nordic Volcanological Institute, the Community Planning Institute (Nordplan), and the Asian Research Institute (CINA).

The CINA report observed that there is room for improvement in Finnish research in inorganic chemistry.

Right now the FPR is evaluating research in arctic medicine at Oulu. "The goal is to observe the level of research financed by the joint Nordic administrative board and also to direct research funds more flexibly than at present at new targets," says Helander.

Some 30 Nordic institutes and research committees are financed by the 1986 research budget of approximately 130 million Finnish marks, which are at the disposal of the Council of Ministers. The biggest are the Nordita for theoretical physics (8 million) in Copenhagen, the Nordplan for community planning (3.6 million), and the joint organization for scientific information (3.1 million). The smallest are catalyst research and geoscientific excursions to Iceland (each 0.3 million) as well as research on the East and Latin America (each 0.2 million Finnish marks).

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CSO: 3617/44

BRIEFS

AI IN COLLABORATION WITH EC--Finland is joining the European Community's research project on artificial intelligence. On Friday, the president of the republic authorized the Finnish ambassador to Brussels to sign the agreement on cooperation known by the name of EC/COST. The purpose of the project is to investigate so-called artificial intelligence and form recognition as cooperation between countries. By artificial intelligence is meant the ability of more advanced computers to draw their own conclusions. The intention is to transfer the solutions obtained in research work to industrial use. The Finnish participants in the research teamwork are primarily the laboratories of hospital technology and telecommunications technology of the State Technical Research Center and the Tampere University of Technology. Finland's fee for joining the project is 270,000 marks. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 85 p 11] 12327

CSO: 3617/44

TIME SEEN WORKING IN FAVOR OF TURKISH-CYPRIOT MOVES

Athens I KATHIMERINI in Greek 31 Nov 85 pp 1, 3

/Article by Nikos Simos: "Danger of Consolidating Accomplished Facts Exists in Cyprus"/

/Text/ Serious as well as real dangers to "formalizing" the accomplished facts in Cyprus and to partition the island "de facto" appear visible in the event the errors and hesitations of the near and distant past are repeated. This is the assessment of foreign diplomats from Eastern and Western embassies. It has been formulated on the basis of specific information and also from an analysis of Turkey's steady and patient policy on Cyprus thus far.

This information, when it is evaluated jointly, leads not only to the above assessments but also sets specifications for the further policies of both the Greek and Cypriot governments. The data in question include:

a) There is a possibility that certain Islamic states--reportedly six of them --will recognize the occupied northern part of Cyprus as a Turkish-Cypriot state.

b) Washington, which has the greatest possibility of exercising pressure on Ankara, will not intervene decisively at this stage unless the process provided by the Cuellar initiative (acceptance of the "new" document, summit meeting) moves forward substantially.

This American tactic is interpreted as an indication of Washington's displeasure over the fact that it had not been asked to express its views during the formulation of the Cuellar document which was rejected last January. Moreover, Washington believes any intervention at this stage, when there has been no progress and the case is back to square one, will not have the effectiveness of an intervention in case of a breakdown at a more critical point in the negotiations.

The possibility that these assessments may prove correct creates certain responsibilities for the governments of Greece and Cyprus. Thus, both Athens and Nicosia must not reaffirm their inflexibility and let time work in favor of the Turkish ambitions, which in the long run include a threat on Greek territorial integrity. What does it mean? The government in Athens, for example, should evaluate the realism of its demand for the removal of Turkish troops from Cyprus before it accepts any solution as being just, because justice may require the withdrawal of the invader.

However, in view of the ineffectiveness of the UN resolutions, the passing of time will result in recognition of the northern part of Cyprus by states having the same religion as Turkey and later possibly by other countries. And in that case we will be asking for the withdrawal of Turkish troops from "Turkish soil," as it will be considered by certain countries trading with it.

The government of Nicosia must seriously take into account that the erroneous tactic it followed with the rejection of the Cuellar document created the impression that it was Nicosia which undermined the initiative while the Turkish Cypriots were making...concessions. The extent to which this impression is justified is shown by the fact that Kyprianou now accepts the new document which contains only some changes in the phraseology, while in substance it remains unchanged.

On the other hand, according to diplomatic circles, Nicosia must stop giving the impression abroad that the Greek Cypriots face no problems, that they prosper, and that they move toward an economic miracle. Such an impression weakens not only the theory but the reality itself which portrays the Greek Cypriots as having been expelled from their homes and the invaders as being the major threat on the island with ambitions to take over the rest of it.

The Effect on Greek-Turkish Relations

The coincidence of assessments concerning the dangers which threaten Cyprus assume a special significance because they come from both the East and West. Moreover, the timing of these concerns is underlined by the fact that:

a) In two and a half weeks Cyprus will have a parliamentary election and the conflict of the parties as well as the expected electoral results will likely cause additional tension on the island and create breaches in the internal front during a critical moment for the Cypriot problem. This possibility is closer to reality, to the extent that the electoral results will affect the actions of President Kyprianou, both in his domestic and foreign policies.

b) The new Cuellar initiative is underway.

On the other hand, the seriousness of the dangers involved in the formalization of the accomplished facts on Cyprus with possible recognition of the pseudo-state by Islamic countries is worth noting for another reason: The interrelationship of the Cypriot problem and of Greek-Turkish relations inevitably affects the Turkish policy on both issues. This is because if Ankara achieves one of its long-range targets in Cyprus, it will move one more step in the exercise of a more aggressive policy--when the conditions ripen--against Greece as well. Turkey can do this by taking advantage of its larger population. After all /Turkish premier/, Ozal threatened us with this only last week.

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CSO: 3521/51

OFFICIALS MEET WITH NORWEGIAN DEFENSE DELEGATION

Reykjavik MORGUNBLADID in Icelandic 7 Nov 85 p 2

[Text] Oddmund Hammerstad, Norwegian Deputy Minister of Defense, stopped in Iceland on Tuesday and Wednesday, along with a delegation from the Norwegian Ministry of Defense, and held discussions with Icelandic officials on defense matters.

According to Sverrir Haukur Gunnlaugsson, an official of the Office of Defense of the Ministry of Foreign Affairs, the visit was in connection with efforts by the Ministry of Foreign Affairs to achieve bilateral discussions with our neighbors in NATO. Earlier this year there were discussions with Britain and the Netherlands on defense, and plans are to carry out discussions with as many countries as possible. Sverrir Haukur Gunnlaugsson said that there was an exchange of views on the state of affairs in the north Atlantic and certain information on the defense of both countries at the meeting. Alongside these meetings, the foreign guests and the representatives of the Icelandic Ministry of Foreign Affairs carried on discussions with the commanders of the garrison force in Iceland.

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CSO: 3626/0008

POLITICAL ICELAND

EYJOLFUR K JONSSON NAMED FOREIGN AFFAIRS COMMITTEE HEAD

Reykjavik MORGUNBLADID in Icelandic 8 Nov 85 p 2

[Text] Independence Party MP Eyjolfur Konrad Jonsson was reelected yesterday as chairman of the Althing Foreign Affairs Committee. Progressive Party MP Haraldur Olafsson was elected deputy chairman and Kjartan Johannsson, Social Democratic Party MP, was elected secretary of the committee.

There have been disagreements in recent weeks among the political parties on the election of a chairman of the Foreign Affairs Committee. At the beginning of the term of office of the present government it was proposed that the Progressives control the seat with Olafur Johannesson as chairman of the Foreign Affairs Committee and Eyjolfur Konrad Jonsson as deputy chairman. When Johannesson fell out of the race Jonsson took over the chairmanship for a while and Thomas Arnason was later elected chairman of the committee. When Arnason was made chief of the Icelandic Central Bank and left the Althing, Jonsson became chairman of the committee again and has held the office since. Jonsson has chaired most meetings of the committee during the term of office of the present government.

Due to this fact, Independence Party members thought it natural that Eyjolfur Konrad Jonsson would be elected chairman of the committee now, but the Progressives still insisted that a Progressive hold the position. In the end there was an agreement between the political parties that there be a free election of a chairman by the committee. The voting was such that Jonsson received four votes and Haraldur one. Two persons abstained from voting.

According to MORGUNBLADID's sources, the three representatives of the Independence party on the committee and Kjartan Johannsson voted for Jonsson, the Progressive Party representative voted for Olafsson and the representatives of the People's Alliance and Women's List abstained.

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CSO: 3626/0008

POLITICAL ICELAND

WOMEN'S LIST PARTY SUPPORTS NUCLEAR ARMS BAN FOR COUNTRY

Reykjavik MORGUNBLADID in Icelandic 14 Nov 85 p 18

[Article: "Women's List National Convention Supports Concept of Nuclear-Free Iceland"]

[Text] Some 80 women from all parts of Iceland took part in the Women's List national convention which was held in Reykjavik last weekend. Regular cells of the party are now functioning in six electoral districts. There were reports at the convention on party activities and ten detailed presentations were given on as many subjects. It was resolved to send Gorbachev and Reagan a unanimous statement wherein they are called upon to come to an agreement on peace and the disarmament of the great powers. Resolutions on education, health and welfare, economics, agriculture, wages, housing and finally a resolution against weapons production in Iceland were enacted at the convention.

In their resolution on education, the Women's List would like to emphasize the need for a national education system that would offer all citizens of Iceland equal access to education, according to their interests and qualifications, without regard to residence or economic status. It was added that the academic year for primary school students should be continuous and that each school should have increased autonomy in the form of education offered and the use of funding and that school committees formed by parent representatives and the employees of the school should in part take over the role of education councils. One thing best promoting good schools is that the teaching profession obtains teachers with full teaching qualifications and, as is recognized, this cannot be expected with wages presently paid. The convention called upon the government to establish goals in the area of teachers' wages and accelerate the certification process for teachers.

In health and welfare, the need was indicated, among other things, to place increased emphasis on health education and health maintenance and thereby reduce rapidly increasing operating and capitalization costs in health care. A call was made for a large scale campaign in the area of narcotics use by young people, and the urgent need for sources of emergency housing and treatment for such young people was pointed out. The Women's List laid great emphasis on having a meaningful campaign waged to limit the importation of narcotics into Iceland, e.g. by accelerating trials of offenders.

The Women's List convention decidedly warned of the results of the policy of the present government in economics. Inflation has resulted in very great sacrifices for wage earners. It is now nearly 40 percent. Since the debts of individuals and companies are now steady, there is reason to fear that within a few months debtors will loose their possessions, and income-producing companies will be bankrupt. The Women`s List is opposed to government tax proposals which, it seems, will involve wage earners bearing the primary burden and declares its support for proposals for a value-added tax and graduated tax on property.

In terms of shaping future employment policy the Women's List lays emphasis, among other things, on the fact that education, competence and knowledge are the foundations for advancements and new structuring of employment. For this reason the primary emphasis in this area should be placed on education and research, particularly in regard to manufacturing of goods and acquisition of markets. The riches of Iceland are not just its fishing banks, geothermal power sources and its hydroelectrical power , but also its fresh air, pure water and uncrowded land. Icelanders are first and foremost producers of foodstuffs and have certain unutilized potential in this area. This is to say that the heavy industry policy has gone too far and that small industries are and will be basic in this area. Women can get involved in this area with emphasis on environmental protection and a humane point of view. There is a great surplus of energy in the national energy system which could be used to support small industry, for example, through offering producer companies low energy rates without regard to consumption.

The Women's List calls upon women in agriculture to become active in agricultural associations and in land use associations connected with agriculture, setting the goal thereby that Iceland should be properly supplied with foodstuffs. In wage matters, the Women's List notes that, in spite of the years long struggle of women for wage rights equal to those of men, little has been achieved and wages for women's professions are considerably too low. For this reason the Women's List calls upon parties in the labor market to make a special effort to correct the wages of women in coming wage agreements and to offer krona figure increases rather than percentage increases in wages. There should be agreement on day labor wages adequate to support a household and in fact purchasing power should be guaranteed for the period of the agreements. Wage systems encouraging performance at the expense of health should be eliminated, poor work place facilities should be improved, housewife experience should be taken into consideration for seniority increases and leaves of absence should be granted for parents with sick children. The Women`s List demands of the government that it provide adequate and secure day care facilities for children and calls upon the Althing to resolve to lengthen paternity leave and to guarantee parents unchanged living conditions while on paternity leave. The Women's List likewise calls upon all Icelandic women to unite in the struggle against that disrespect and disregard of the labor of women that wages and levels of positions bear witness to.

Concerning housing, the resolution states that measures should be undertaken to delay forced sales and convert short term loans into long term loans. Treasury supports against the tax system in the form of interest deductions would help those having the greatest difficulties. The Women's List wants a changed housing policy whereby people will be guaranteed housing without having to assume upon themselves a terrible burden of wages and debt. There should be a review of the wages of those who wish to own housing, the building of rental housing should be greatly increased. The Women's List thus supports proposals on domicile rights.

The meeting reiterated its support for the concept of declaring a Scandinavian, including Iceland, nuclear-free zone. Iceland should reject all armaments, in Iceland, on the seas and even in space. It was noted that Iceland has never made war against other nations, and thus aversion and sorrow was expressed in terms of those proposals which have come forward recently, that Iceland sell its ingenuity in the form of weapons and become a participant in the mass destruction that results from weapons production. The convention came out strongly against such proposals.

The Women`s List noted that those human rights violations and the violence that whites of the South Africa are inflicting upon the black majority are of the same kind as the oppression that women have had to suffer in times past and Icelandic women should show their solidarity with South African blacks, among other things, through refusing to purchase South African goods.

Finally, reference was made to the view of the Women's List that if women's liberation and justice are to be achieved in the world, a revolution of thinking will have to take place. A new respect, resting upon a regard for the life and rights of each individual to shape his or her life as they like, must come into being. The desire for gain, for power and age old prejudice stand in the way of such a revolution in the our world.

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CSO: 3626/0008

PAPER COMMENTS ON VISIT BY USSR FOREIGN MINISTER

Reykjavik MORGUNBLADID in Icelandic 1 Nov 85 p 28

[Editorial: "Visit of Soviet Foreign Minister to Iceland"]

[Text] The short visit of Shevardnadze, the new Soviet minister of foreign affairs, has hopefully raised certain concerns. Shevardnadze is one of the principal leaders of the new ruling clique which has recently taken power in the Soviet Union and when the new Soviet minister of foreign affairs is appearing in the public light as the first Soviet minister of foreign affairs to do so in several decades it is not unnatural that a great deal of interest should be centered on him. It may be said with certainty that the mass media in Western countries have gone out of their way in its eulogies of the new Kremlin leadership. Experience has shown that there is very seldom any change in Soviet foreign policy, even though new men come on the scene.

The visit of the new Soviet minister of foreign affairs was, to be sure, to be seen as a courtesy visit with Iceland constituting an intermediate stop on the minister's itinerary from Cuba to Moscow. The Soviet minister of foreign affairs is said to have emphasized the desire of the Soviet Union for a balance in the trade of the Soviet Union with Iceland next year in his discussions with Icelandic Foreign Minister Geir Hallgrimsson and Minister of Fisheries Halldor Asgrimsson, standing in for the Icelandic prime minister. This in itself is gratifying, but the question is now how best to achieve this. Will a trade balance be achieved through increasing Soviet exports to Iceland or through reducing Icelandic exports to the Soviet Union. It may be said in the long run that it is difficult to see how we will have more fish to sell to the Soviet Union than we do now. There may be good reasons why it would be reasonable to reduce fish sales to the Soviet Union and to send the fish to other markets, for example, in the United States, since we might better discharge out debts with our trading partners thereby. It may well be that the Soviets are prepared to purchase more industrial goods from Iceland than they do now. We need to find this out. Another way to reduce the trade deficit between Iceland and the Soviet Union is naturally to reduce purchases from the Soviets, above all purchases in oil.

It is no longer possible to maintain that the large oil purchase from the Soviet Union is necessary to pay for fish sales to it. There is every reason for us not be too dependent upon the Soviet Union in oil purchases and in terms of present circumstances it is possible to make an effort to balance the trade going on between the two countries through moving Iceland's oil trade to some extent elsewhere. It would be desirable for the new Icelandic Minister of Trade Matthias Bjarnason to consider the issue, but for various mysterious reasons there has always been opposition in the Icelandic Ministry of Trade to directing Icelandic oil purchase elsewhere besides the Soviet Union.

Reference was made in the discussions of the Icelandic ministers and the Soviet Minister of Foreign Affairs to the case of motion picture director Tarkovskiy, who has come to Iceland but who is engaged in a struggle with the Soviet authorities for himself and his wife to regain custody of his child from the Soviet Union. The inhumane governmental system in the East has, however, kept the child from its parents. It emerged that the Soviet Minister of Foreign Affairs knew nothing about the case. Hopefully he will show his Icelandic hosts the courtesy of finding out about it after he returns to Moscow. It would not be unnatural for the Icelandic Government to receive some sort of an answer from Shevardnadze since he offered so few answers in his discussions with the Icelandic ministers.

During the same time that the Soviet Minister of Foreign Affairs was visiting Iceland it emerged that the Soviet Ambassador to Iceland had been endeavoring awkwardly to gain a foothold in the Icelandic economy. The activities of the Soviets in this connection are of such a nature that they call for an investigation of the whole incident by the Icelandic authorities. We remind in this context that in spite of the winning smile of the Soviet minister, who came to Iceland on a visit, no change has taken place in efforts by the Soviet Union to increase its influence in Iceland. For this reason, there is reason now as before to be careful.

To be sure, we Icelanders want to have good relations with the Soviets and normal trade with them. Unfortunately, however, relations have never been normal from the standpoint of the Soviet Union. In fact, there has long been reason for the Icelandic authorities to limit the activities of the Soviets in Iceland, both through reducing the large numbers which have long been part of the Soviet embassy staff in Iceland and likewise through checking the activities of the Novosti News Agency, which is generally recognized to be an intelligence agency and which operates widely in the world. There is no reason to suspect that its function in Iceland is any different than in other countries. Hopefully Icelandic Minister of Foreign Affairs Geir Hallgrimsson will see reason to pay attention to this matter.

The activities of the Icelandic Ambassador to the Soviet Union are in many ways limited and there is no reason why reciprocity should not be the case in this matter as in others. The Soviets should not expect that they would be allowed to enjoy a freedom of action in Iceland that they do not allow us in the Soviet Union. Iceland is not allowed, for example, to operate an intelligence unit in the middle of Moscow, even if we called it a news agency.

9857
CSO: 3626/0008

POLITICAL ICELAND

ALLIANCE OF SOCIALISTS SEEN STRUGGLING TO SURVIVE

Reykjavik MORGUNBLADID in Icelandic 28 Oct 85 p 9

[Commentary by Staksteinar: "Alliance of Social Democrats in Death Throws"]

[Text] The Alliance of Social Democrats has been in its death throws this summer and autumn. The disputes which have arise among party MPs and the ways in which these disputes have been discussed within the party show that the party has no future. In fact the only thing left is for party MPs to come to a decision concerning how the party is to be wrapped up formally. Otherwise we may expect that the party following will be divided primarily between the Social Democratic Party and the Independence Party. Today Staksteinar will discuss the end of the Alliance of Social Democrats.

Verdict of History

The verdict of history in recent decades is that institutions like the Alliance of Social Democrats are not successful on the long term. Since the foundation of the Icelandic republic various attempts of this sort have been made. Two new parties were founded before the 1952 Althing elections: the Republican Party, which was positioned in the political spectrum to the right of the Independence Party and which elected no MPs during the elections, and the National Defense Party which was founded out of opposition to the defense agreement with the United States and Icelandic membership in NATO and which took a position towards the left, although to the right of the Icelandic Socialist Party. The National Defense Party existed for several years and slowly collapsed.

The Alliance of Liberals and Leftists was found after the 1968 split in the People's Alliance Party and won a large election victory in 1971 but was wasted and lost it. The Liberal party was formed out of it, but never elected an MP to the Althing. The National Defense Party, the Alliance of Liberals and Leftists and the Liberal Party had in common that they represented a range between the Social Democratic Party and the People's Alliance. The experience that has been gained shows that there is no room for a new political party there at present and experience shows that at this point of time in politics there will always be those who feel that they have nothing in common with either the Social Democratic Party, the People's Alliance or the Progressive Party.

It was presumably because of this experience that the Alliance of Social Democrats tried to mark out its territory elsewhere in the political spectrum. To some degree the Alliance of Social Democrats attempted to pander to the supporters of the Social Democratic Party but also to some extent to Independence Party voters. This was completely absurd politically and the present leadership of the Alliance is proving unable to follow up this policy.

Dispute About What?

Most likely one of the worst things that has happened to the Alliance of Social Democrats in recent months is that it has been impossible for the public to understand what the disputes within the party are all about. In spite of a great deal of attention in the press, which began by and large in THJODVILJINN and was apparently based upon certain leaks of information to the paper by dissatisfied groups within the Alliance, it has proven impossible for people to get to the bottom of what the disputes were all about. Nothing improved when the party Althing delegation split up into opposing groups.

The reasons why it has proven so difficult to orient oneself in terms of the differences of opinion on issues within the Alliance of Social Democrats is simply that the disputes have not involved issues. The disputes have been minor personal disputes which should have no role in public discussion. The Alliance is, however, so weak that nothing more was needed than such minor disputes, disputes of a type that would have been kept entirely behind closed doors in the older parties, to make an end to a political party which has, at the present time, four MPs in the Althing.

Where Will They Go?

The question that remains to be solved is where the MPs and Alliance voters will go in the future. Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, has made a strong bid for them, as might be expected. Although the MPs of the Alliance of Social Democrats have though little of the offer of the chairman of the Social Democratic Party, it would not be unexpected that they should think well about the offer before they accept it, especially in view of the fact that through accepting the Social Democratic Party offer certain possibilities are created for some Alliance MPs to lengthen their political lives. The Social Democratic Party needs candidates and some Alliance MPs have won a certain amount of trust for themselves while in office. It has even emerged that certain members of the Social Democratic Party could conceive of the possibility of Stefan Benediktsson being the party's candidate for mayor of Reykjavik next spring.

Although the Social Democratic Party has placed the greatest emphasis on establishing links with the MPs and voters of the Alliance of Social Democrats, it would not be unreasonable for the Independence Party to make a bid for the unreformed voters of the party. It is clear that many of them have things in common with the Independence Party and in fact it may be said that this is also true for certain members of the leadership of the Alliance of Social Democrats. For this reason it is not unlikely that the Independence Party may seek to place certain emphasis on establishing connections with this group of voters. It is of great importance for the Social Democratic Party whether this attempt of the Independence Party will be successful or not.

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CSO:3626/0008

POLITICAL NORWAY

WILLOCH EMERGES LEADER IN POLL ON LEADER'S POPULARITY

Oslo AFTENPOSTEN in Norwegian 23 Dec 85 p 3

[Article by Einar Kr. Holtet: "Best Also in the Eyes of the Progressive Party"]

> [Text] "Prime Minister Kare Willoch has contributed the most to the government the last couple of months." This reply was given by 22 percent of those asked in a poll conducted by Gallup/NOI for AFTENPOSTEN. If we separate out those who answered according to their party membership we get a sensational figure: Fully 51 percent of Progressive Party members believe that Willoch has done the best job, and that is far above the Conservative Party members' 44 percent!

It should be noted that the numerical foundation is much stronger for Conservative members in the poll, because as many as 258 of those polled belong to that party. Only 41 of those polled sympathize with the Progressive Party. The tendency of the polls is most interesting, when the actual situation in the Storting over the past couple of months is considered. The poll was taken in November. And at that time the campaign of the Progressive Party to establish itself in the National Assembly was already underway.

The 22 percent who believed that Willoch had done the best job was calculated from all the 1003 replies in the poll. Those who gave Willoch their "vote" in the poll were three times more than each of the groups which chose either Minister of Finance Rolf Presthus, Church and Education Minister Kjell Magne Bondevik or Transport and Communication Minister Johan J. Jakobsen. Bondevik reached 8 percent, just a hair ahead of the other two in the group behind Willoch. In fifth place was Minister of Consumer Affairs and Administration Astrid Gjertsen with 5 percent, and Minister of Labor and Municipal Affairs Arne Rettedal was sixth with 4 percent.

Own Party Leaders

Besides party membership it is symptomatic that fully 30 percent of Center Party's 40 respondents gave Johan J. Jakobsen their votes--and still more symptomatic that 41 percent of Christian People's Party supporters gave Kjell Magne Bondevik their votes. Among the respondents in these two camps these trends were so strong that Kare Willoch fell behind when the figures were summarized and the percentages calculated. Among the voters of the Socialist Left there were 13 percent who voted for Minister of Environment Rakel Surlein (Center Party). In second place among Socialist Left voters was Minister of Consumer Affairs and Administration Astrid Gjertsen.

Labor Party supporters gave Kare Willoch and Johan J. Jakobsen the same percentage of votes--namely 9 percent!

Within all parties--with Socialist Left as the most (25), Labor Party (21) and Conservatives (18) there is the general impression that Foreign Minister Sven Stray is the minister who has done the poorest job. Of the total votes there were 18 percent who placed Stray in this least attractive first place among losers. In second place on this list was Prime Minister Kare Willoch with 10 percent, and in third place was Minister of Health and Social Affairs Leif Arne Heloe with 6 percent.

None of the ministers scored 0 on this poll of losers, while both Minister of Industry Petter Thomassen and Minister of Trade and Commerce Asbjorn Haugstvedt had 0 percent on the winners'list.

9287
CSO:3639/49

LACK OF COMMUNICATION BETWEEN ELECTORATE, POLITICIANS NOTED

Lisbon DIARIO DE NOTICIAS in Portuguese 19 Nov 85 pp 7-8

[Article by Romeu de Melo: "The Lesser Evil"]

[Excerpts] It is almost certain that in choosing among the best-known candidates the electorate will try to discern the one who is the most independent with regard to the political-party establishment and who can serve as an effective opponent to that establishment.

The last legislative elections confirmed the long-standing divergence between the predictions of the political sector and the electoral will expressed at the ballot box. Curiously, whereas before the vote all candidates declared themselves potential victors, after the elections it turned out that all were defeated except one group, the PRD [Democratic Renewal Party], which declared itself to be apart from the traditional political-party apparatus. But even this group was mistaken in that the result obtained was far in excess of even its most optimistic predictions.

Can it be that the political parties have not yet understood how the Portuguese electorate functions? Can it be that they do not understand the mentality of that electorate and the manner in which it evolves when confronted with the realities and vicissitudes of our national life? Finally, can it be that this confirmed lack of understanding and resultant uncertainty will have a negative effect on the democratic system and weaken the stability of its institutions?

If one takes the trouble to compare the predictions published before all the post-25 April elections with the results subsequently obtained, one will encounter not only bitter, unexpected disillusionments but also almost incomprehensible victories. Various party combinations were tried, there were changes in the methods of approach and an attempt was made to find more complex justifications; but there was never a convincing understanding of political reality. Neither the party directorates nor the most accredited analysts succeeded in establishing a close relationship between the electoral will, the phenomenology of political life and the results obtained at the polls.

It goes without saying that, beneath a veiled or ostensible recognition of the maturity of the electoral will, the party leaders are still somewhat perplexed over the political expression of the Portuguese people. Aside from the practical advantage of exalting the perspicuity of the Portuguese electorate and of publicly acknowledging its peaceful acquiescence of the electorate's will, will the political class not subconsciously retain the firm conviction that our electorate is fickle and subject to unexpected changes?

Being repeatedly mistaken in political predictions is to some extent equivalent to being ignorant of the national will. Moreover, to accuse the electorate or attempt to give it a guilty conscience with regard to disserving the democracy is to commit the most serious injustice. For various reasons it is the party leader who is failing to serve democracy by not having an adequate perception of the electorate and not being capable of predicting the results of his public statements!

Profile of the Average Voter

Various phenomena have served to give an indication of the profile of the Portuguese electorate, how the average voter feels and thinks and how he reacts to events. So-called Eanism has been a riddle which the political sector has been trying in vain to solve for about 8 years. How a young, almost unknown army officer, chosen by consensus by the parties of the Center and Right for circumstantial reasons to run for the Presidency of the Republic, subsequently gained power in his own right, was able to challenge the top officials of those parties and eventually defeat them, is a puzzle still to be solved, as yet without an answer.

Recently, a party leader challenged the political power of Eanes, almost causing the latter to exercise a papal function on the Portuguese political scene, sponsoring political parties and indicating possible successors. It is indeed certain that Eanes is not an intellectual like Teofilo Braga, or a man of letters like Teixeira Gomes, or a demagogue like Antonio J. de Almeida, or a recognized economist, or even a customary figure of the jet set of international politics. He has never controlled or led a party, and so has not been subjected to the trial by fire which this entails. In a personal and non-transferrable manner, he was victorious only as a candidate selected by Sa Carneiro, even overcoming the ill will expressed by Mario Soares.

But will Eanes have the power to manage a party and lead it victoriously? Will the electorate agree to have him "designate" his replacement? In the last analysis, will not the political leaders have underestimated Eanes at certain erroneous moments, only to overestimate him at other moments, also erroneous? To answer all this, it is necessary to know if Eanism really exists and, if so, how and why.

We shall test the theory that the Portuguese electorate, since empowered to express its opinion, has revealed a tendency to follow the rule of the "lesser evil," that is, to vote for someone not through a desire to support a given policy or party but to punish another political trend. Instead of being made for positive motives, the choice was made in negative terms: vote for someone in opposition to another. Following this line of thought, the

Socialist Party [PS] was initially successful by punishing the PCP [Portuguese Communist Party] and the smaller parties of the Left, the HD [Democratic Action] achieved a clearcut victory which was the reverse of the punishment of the PS and its affiliates and, later, the PS returned to power as a mere alternative in the face of an AD which had failed and lacked leadership.

This arrangement regarding the legislative elections and succession of regimes being easily understandable, we still have the apparent master of the presidential elections. How did Eanes acquire such a high degree of prestige, imposing him on the major parties and making it possible for him to establish himself for years as the most important figure on the national political scene? All these are assumptions inasmuch as what we really know is that Sa Carneiro, who beat Soares in the legislative elections, did not subsequently have enough power to impose a Soares-Carneiro ticket on Eanes in the presidential elections. Being the "lesser evil" with regard to Soares and the PS, Sa Carneiro did not, however, disclose a positive electoral acceptance which would have permitted him to indicate his choice for a president of the republic. For the most part, the same thing occurred in the case of Mario Soares.

What happened is that the presidential function, which, in the previous regime, was closely allied to the executive branch of the government, became another government reality after 25 April. The electorate came to look upon the presidential function as a "lesser evil" in relation to the governing function, a sort of opposition which it would be well to keep independent of the governing function, a sort of final argument... In confrontations between Eanes and the regimes, the electorate logically supported the president against the AD candidate and the personal resentments of the PS secretary general.

In Search of Opposition

Will the preceding fact mean that Eanes has (positive) power to establish a majority party and indicate his choice for the Presidency of the Republic? Certainly not. The unexpected results obtained by the PRD would suggest such power were it not that the PRD itself, above and beyond Eanes, emerged with the profile of a "lesser evil" when compared with similar organizations already established. The failure to find a military candidate, whether in the frustrated form of Firmino Miguel or the desistance of Costa Bras, reveals the truth of the matter--namely, that Eanes has demonstrated his power in a negative way and will have difficulty demonstrating it in a positive manner, whether through his personal merits or the timeliness of his action.

Let us return to the so-called Eanism to show how we believe the strongly individualistic Portuguese electorate reacts and how it will function in the so eagerly awaited presidential election. It is almost certain that in choosing among the best-known candidates the electorate will try to discern the one who is the most independent with regard to the political-party establishment and who can serve as an effective opponent to that establishment.

A military candidate remembers only too well the time when high-ranking officers placed themselves unconditionally and unquestioningly at the service of the executive power of the regime which emerged on 28 May. For this reason it is highly improbable that the electorate would become enthusiastic over a uniformed citizen, even discounting any preconceptions against or in favor of the military institution. Aside from his close association with the political-party system and despite his being able to count on the support of many qualified persons, Dr Soares will have to convince the electorate that his principal competitors are worse than he, which will certainly be made difficult by Prof Freitas and Dona Pintasilgo. Prof Freitas do Amaral will have the unpleasant task of causing the electorate to forget some of the hesitations which occurred throughout his career and only with an abundance of good will can he hope to put distance between the present and his previous political-party options. Engineer Maria de Lourdes raises the curious question of appearing in the eyes of the electorate to furnish too much opposition, which could become a factor of mistrust.

Whatever the case, it appears certain that the next presidential election will force the electorate to spend more time in reflection and will enable the political sector to become better acquainted with the rules by which it will have to abide in the near future.

8568/9435
CSO: 3542/36

POLL SHOWS PRD SEEN MORE LEFTIST THAN PS

Lisbon O JORNAL in Portuguese 22-28 Nov 85 p 12

[Text] Almost half the electorate have no opinion about the positioning of the PRD [Democratic Renewal Party] in relation to the PS [Socialist Party]. In fact, according to a survey conducted by Marktest for O JORNAL, 46 percent of the voters do not know if the new party is to the right or the left of the Socialists.

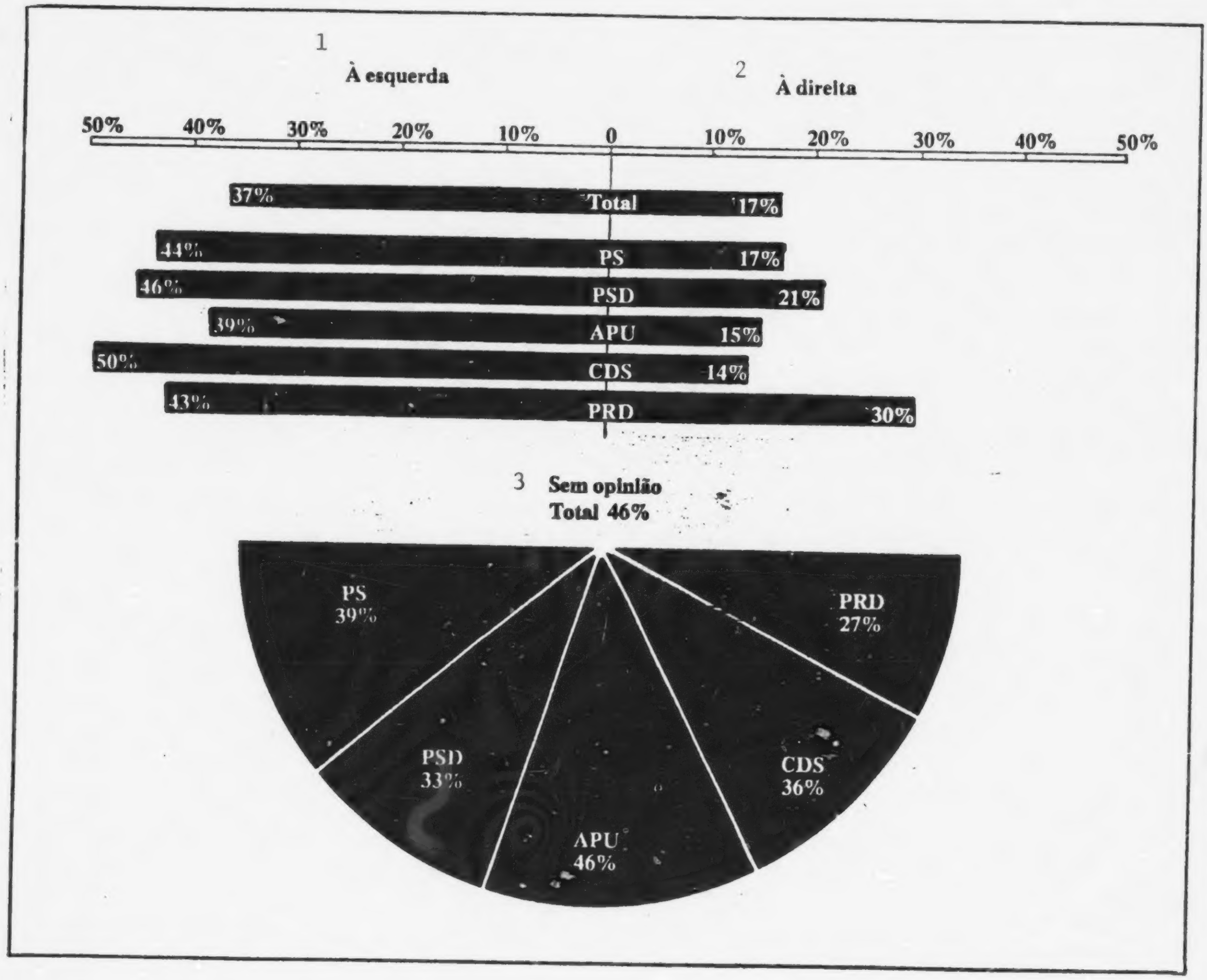
Among those who have an opinion, a clear majority judges the party led by Herminio Martinho to be to the left of the PS. Curiously, however, the voters who are most convinced of this are from the CDS [Social Democratic Center Party]; half of them hold this opinion.

The PRD is also thought to be left [of the PS] by 46 percent of the Social Democratic Party [PSD] electorate, by 44 percent of the Socialist electorate, by 43 percent of its own constituents and by 39 percent of the APU [United People's Alliance] electorate, which is also the group with a less definite opinion on this issue.

In contrast, the largest number of opinions to the contrary are held by the PRD voters. Thus, 30 percent of the Renewal voters think the Eanist party is to the right of the party led by Soares.

This opinion is shared by 21 percent of the Social Democrats, 17 percent of the Socialists, 15 percent of the APU voters and 14 percent of the CDS voters.

The same poll also reveals that in the Porto region and in the north in general, the PRD is thought to be more moderate than is thought in the south and in Lisbon; whereas about 24 percent of the northern voters think the PRD is to the right of the PS, only 14 percent are of this opinion in the south.



Key

1 To the left
2 To the right
3 No opinion

6362
CSO: 3542/42

POLITICAL PORTUGAL

PCP'S VELOSO ASSESSES ZENHA CANDIDACY

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Nov 85 p II-IV

[Interview with Angelo Veloso by Helena Sanches Osorio; date and place not given]

[Excerpts] DIARIO DE NOTICIAS [DN]: In certain circumstances could your candidacy be one which you will see through to its conclusion?

Angelo Veloso [AV]: In the last analysis, yes.

DN: What is that last analysis for you?

AV: We shall try to unite the democratic forces around a consensus which will make it possible to create a prospect for victory on the part of a candidate of democracy. If this is not possible, we shall have to consider whether or not there is justification for my seeing it through to its conclusion. But we remain free to arrive at a decision.

DN: Who do you consider the Left at present?

AV: I believe that the Left is the APU [United People Alliance], the PCP, the MDP [Portuguese Democratic Movement] and the Greens--this is what we are saying in the Assembly of the Republic [AR]. At present, in order not to represent ourselves in the AR as the Left, the democratic sector is made up of the PCP, the APU parties and the PRD [Democratic Renewal Party].

DN: Is the PRD a leftist party?

AV: It is a democratic party; I do not call it leftist, I call it democratic. And there is a sector of the PS [Socialist Party] which is democratic and leftist and will have parliamentary representation. What is the representation of that leftist PS and that democratic PS? It remains to be seen.

DN: Dr Alvaro Cunhal is said to have had the opinion that, between Soares and Frietas, he would prefer the latter.

AV (laughing): That is not his opinion. In the electoral campaign in Braga, there was an APU candidate, independent moreover, who said that--namely, that between Dr Mario Soares and Dr Freitas do Amaral, he would prefer Dr Freitas do Amaral. Comrade Alvaro Cunhal answered: "Not really." But both candidates are clearly from the Right.

DN: Do you presently have the feeling that the PCP would view candidate Salgado Zenha in a good light? Would you like to comment?

AV: We believe that the democratic forces must reach a consensus with regard to a candidate.

DN: Has that consensus not yet been reached?

AV: I believe it has not yet been reached.

DN: But both Dr Alvaro Cunhal and Angelo Veloso himself have indicated a broad acceptance and liking for Salgado Zenha as a person.

AV: No, no. We have well-known differences of opinion with regard to Dr Salgado Zenha and do not hide those differences. In various periods of Portuguese political history, Dr Salgado Zenha had marked anticommunist positions and we have not forgotten nor are we forgetting this. We consider him a democrat with a long antifascist past and we are aware that significant support is beginning to come his way. His candidacy is beginning to show promise of unified thinking. We must now ascertain whether or not this unification becomes a reality.

And at the proper time we shall take a definite position on this candidacy, one which has not yet been taken.

DN: You said that you were not hiding nor are you forgetting that Salgado Zenha had anticommunist positions...

AV: And has.

DN: And has?

AV: He must have. I believe that Dr Salgado Zenha is not a communist. He must have profound differences of opinion from those of the Communist Party. But I believe that we cannot limit the democratic field to those whose thinking coincides with that of the Communist Party. The democratic field is much broader.

DN: However, in 1977 when Salgado Zenha was minister of finance, the PCP issued a communique in which, referring to statements of that policy, it said literally that those statements "reveal an intolerance and discourtesy which are not proper for anyone who claims to be a pluralist and defender of the norms of the democratic movement" and, later, it adds "party factionalism which causes the minister and social leader to be strangely disturbed" and warns him that "the Portuguese workers will not fail to keep a close eye on the current finance minister." This is a 1977 position, not really so old, and either Dr Salgado

Zenha has changed or the PCP will have to put a large stone on top of those differences.

AV: No. We took that position at that time, but 8 years have passed since then. Salgado Zenha broke with the rightist members of the directorate of the Socialist Party itself and played an important role in the re-election of Ramalho Eanes. In the past few years we have not been aware of any of Dr Salgado Zenha's positions which are deliberately anticommunist. But in this connection, I would like to say that we must make sure that our basic objective is to find a democrat who will achieve the necessary consensus for victory...

DN: Whose support for Salgado Zenha do you consider significant?

AV: That of Ramalho Eanes. We believe that the president of the republic can provide very significant support. Not the president of the republic as such; rather, the citizen Ramalho Eanes.

DN: It is difficult to dissociate one from the other.

AV: I believe that Ramalho Eanes' support was given to Zenha when he was citizen Ramalho Eanes. It is a fact that Gen Ramalho Eanes is a man intimately associated with Portuguese politics and, therefore, we consider it proper for him to express himself as a citizen.

DN: The PCP being a republican party, do you not find this somewhat monarchical manner of viewing the succession repugnant?

AV: This is an argument which makes it difficult to view the situation objectively, for, at the end of two terms, the president of the republic becomes unquestionably a Portuguese citizen. He is a Portuguese citizen who played a very special role in Portuguese life as a whole, and I therefore ask: Can we limit his right to speak out on the presidential elections? Is this characterized as a problem of succession?!!!!

DN: Very well. Therefore, in speaking of significant support for Salgado Zenha as a whole, we have...

AV: I had not finished. An important part of the members of the PS...

DN: What do you consider an important part?

AV: Arnault, Soares Louro, Aquilino Ribeiro Machado. Do you not think that an important part?

DN: That's three individuals.

AV: Certainly; but they represent a trend within the PS. We shall see whether they are or not. There are also members of the State Council and a few who even have influence in the area of the April military.

DN: Good. But in the meantime, the April military, and this was widely discussed at the time of the availability (the things they say in Portugal!) of Lt Col Costa Bras, displayed what appeared to be a show of support for engineer Maria de Lourdes Pintasilgo.

AV: I would say that prior to that time there was indication of a certain amount of disagreement with regard to the availability of Lt Col Costa Bras.

DN: However, when Lt Col Costa Bras appeared on the scene, the PCP hastened, even before anything was finalized, to consider him a democrat.

AV: We believe that Lt Col Costa Bras is a democrat.

DN: You were very eager to have a military candidate. Admit it.

AV: No. We don't see the matter that way. We do not start out trying to find an individual, a personality suitable for a consensus; rather, we seek a consensus with regard to a particular individual.

DN: Is Eanes' support sufficient?

AV: No. It is precisely for this reason that we have not yet taken a position.

DN: What are you waiting for?

AV: To see how the convergence of the democratic forces develops.

DN: I would like to ask you how it is possible that the PCP will try to convince its rank and file that Salgado Zenha is a good candidate when he himself declared in 1976 "that the PCP has followed a policy which is totally erratic and antidemocratic." Was the basic reason for that erratic policy the political ineptitude of Dr Alvaro Cunhal and the PCP team who were incapable of understanding what the Portuguese people want? Will this not cause a certain amount of uneasiness among the PCP rank and file?

AV: During the course of Portuguese political life we cannot at every moment revive the differences of opinion which occurred in the democratic field. We have always maintained that we have no right to bind individuals to the positions they have taken from time to time. This is the first aspect. The other is that we are convinced that the communists have a high degree of understanding and will play a vital role in the next election for the president of the republic. And they will thoroughly understand that the principal objective is to defeat the candidates of the Right and elect a democrat for the Presidency of the Republic. As on other occasions, the Portuguese communists will make this their first consideration: How can we win? How shall we prevent a rightist candidate from occupying the office of president of the republic? How shall we prevent the Right from recuperating from the defeat it suffered in 1985, regroup its forces, impede the development of the process which leads to the democratic alternative and relaunch the April offensive against Portugal? I believe that, under these very special conditions, the communists will be capable of placing the basic objective of the defense of democracy above personal opinions or preferences.

8568/12245
CSO: 3542/37

PRIVILEGED RELATIONSHIP WITH AFRICA CALLED 'IDIOTIC'

Lisbon TEMPO in Portuguese 29 Nov - 5 Dec 85 p 5

[Commentary by Antonio Marques Bessa]

[Text] Now more than ever, the accent is on contacts with the old territories of the Portuguese state. Sometimes it is a news item about the visit by Nino Vieira, sometimes by Pinto da Costa, and we are told about still other comings and goings between Luanda and Lisbon, Lisbon and Lourenco Marques [as published], Lisbon and Cape Verde. Those responsible for policy in the new states have declared their interest in this interchange and such statements have often been echoed in Lisbon. The president of the republic has traveled extensively in those areas, as has the acting foreign affairs minister and even individuals connected with the former MFA [Armed Forces Movement] and businessmen. There have even been allegations about the existence of Portuguese military [aid] in Mozambique and Angola, which, if true, would certainly be ridiculous.

Be that as it may, the political connections have been intensifying and the Africans are coming to our capital in search of support and an understanding which they do not find. They have been disillusioned with the previous governments and they have already said so publicly. Their aims are not reciprocated. Their advances are not well received; their needs continue to wait for better times.

Aside from the fact that the governments are not sensitive to Africa and their officials do not even know what Africa--more precisely, the former Portuguese Africa--is about, the Portuguese governments are decidedly bound to European myths, within a framework that centers on Brussels, and they are little moved by anything happening on the African savannah or in the Guinean gulf. Not even the islands arouse much response from them. Their overriding interest is in Europe and their illusions of abundance at a cheap price. Let the Africans complain or petition; this is a peripheral issue and is not in vogue in this small, needy country.

Thus, Lisbon's African policy has been more stupid than anything we have seen in recent years, when so much more could have been done with so much less.

Foolish Presumption

The governments have reiterated this nonsense that Lisbon is the privileged contact with Africa. In addition to being an absurdity which airily dismisses the importance of the world centers with troops and interests in Africa and in former Portuguese Africa (Washington, Moscow, Paris, Madrid, Tel Aviv, Pretoria, etc), it is a cheap absurdity. In other words, the declaration has nothing to do with Africa. It has to do with an obsession to increase the prestige of this country with the European magnates, to convince them that, after all, we count for something--if only to intervene and make contacts in Africa, because the Africans are presumed to have an exceptional and perhaps instinctive empathy with the Portuguese.

These banalities do not carry much weight; first, because Portugal does not have the bargaining power available to negotiate with the Africans, as presupposed in this theory that we serve as the "key to Africa in Europe." Second, the truth is that much more powerful forces are already installed in our former territories in Africa and they do not need to go through Lisbon; there are the American and French oil companies, the Cuban and South African troops, the Brazilian, Spanish, Soviet and American interests, the instructors from Korea and the Soviet Union, Czechoslovakia and the GDR. Nor do we have a strong position in foreign trade or in anything else. So where does this "key position" originate? It must be from the cerebral theoreticians, the disciples of Quevedo, the Quevedists without knowing him, who have read and have believed the cock-and-bull stories of the occult sciences such as parapsychology, astrology and even more symbolistic disciplines.

We are certainly not the ones with the power in Africa.

A Modest and Realistic Policy

A small country like Portugal cannot have global policies and go around making pronouncements on everything that happens in the world, from the repression in Hungary to the terrorism of the sects in India. It has better things to do; i.e., to safequard its independence and to deal with the issues that are important to it. This means getting off the foreign policy high horse of colonial times and thinking about international relations in terms of the limited power which we have nowadays. You cannot jettison territory and then continue to act as if nothing had happened. It happened! We have become a small, poor, limited country, and this country is not able to go out and play with the big boys; it does not have the capacity to play the great power in Africa, with endless subsidies, financial aid (when we are going begging for it ourselves) and thundering political propositions.

It is time to reexamine the issue and draft a minimally effective policy. Perhaps there is still time.

6362
CSO: 3542/42

POLITICAL SWEDEN

LIBERAL PAPER FAULTS CONSERVATIVE PARTY REVIVAL STRATEGY

Stockholm DAGENS NYHETER in Swedish 27 Dec 85 p 2

[Editorial: "Conservative Responsibility Without Enthusiasm"]

[Text] Disappointment is rife in the Conservative Party. The party was shaken by its shocking defeat. Still the party has avoided a more intensive postelection debate. Only Ulf Adelsohn was affected. He was easily able to turn aside the criticism that he now and then saw his children. But his desire to continue does not seem to be very high.

Leading circles in the party have settled upon an explanation for the election defeat. It was the Social Democrats' one-sided and successful campaign against a "change in the system" which put the Conservatives on the defensive. The election campaign began to be about welfare instead of freedom. And such an election campaign favors the Social Democrats, according to Carl Bildt in the conservative SVENSK TIDSKRIFT number 9-10/1985. If the question of freedom had come to the fore, the nonsocialists would have had the advantage.

For Bildt, as for the directors of the Conservative Party, the conclusion is that the political style must be changed. But there is no talk of changing the main direction of the party.

And the main direction for a number of years has been to create an alternative to social democracy. The Conservatives imagine that they have seen, as Carl Bildt expresses it in SVENSK TIDSKRIFT, "the initiative in political ideas gradually moving over from the Social Democrats to the liberal-conservative complex of ideas which is focused around the vitalized Conservative Party." He admits, however, that this initiative of ideas primarily influences the nonsocialist sympathizers.

One of the problems for the Conservatives is that this capsizing of the debate has almost exclusively taken place among the nonsocialists. The outcome of the election showed that the Social Democrats came through this struggle with the conservative alternative relatively unscathed. The reconsideration which has taken place within social democracy has certainly been influenced by conservative and other criticism of big government, public expenditures and bureaucracy. But so far that has led to very modest changes, and those within the framework of the established system.

The Conservatives appear, however, to still hope, at least at the top party levels, to offer the voters more of the same although in a neater package. Even earlier, SVENSKA DAGBLADET's political editor Mats Svegfors (SVENSKA DAGBLADET 15/12) wrote on this subject. The Conservatives' "revolutionary" ideas question "much of the basic views which have marked postwar developments." Their strength "cannot be determined merely by a couple of elections." Here they demonstrate a long range, patience-trying strategy.

The strategy has several troublesome weaknesses. In the first place in two elections in a row it has not succeeded in capturing a sufficient number of voters to create the basis for a government. Furthermore, at least for the outside observer, it caused a real blow to the election. Social Democrat voters did not come streaming in; if they were dissatisfied they stayed home.

Another and new weakness is that it now must fight with a reawakened Liberal Party for the nonsocialist market. The Liberal Party's success has been explained by the Conservatives by saying that the party criticized the Conservatives without being contradicted, and that helped the Social Democrats attack. Both of them are, however, a result of the Conservatives' self-proclaimed claim to leadership of nonsocialism. Sometimes they go a little farther than Carl Bildt--the Liberal Party offered a "more sympathetic alternative"--but without drawing any conclusions for their own party.

If the Liberal Party succeeds in combining economic and social responsibility the Conservatives' strategy will become even more unrealistic.

To speak mainly about "social responsibility without socialism" as the Liberal Party did during the election campaign is, however, according to Carl Bildt and SVENSK TIDSKRIFT's own editorial, to accept a social democratic moral victory. If one expresses himself in that way he is admitting that social responsibility within nonsocialism is not important. That is unjust, they appear to believe.

But that is of course just what not only the Liberal Party believes, but also what socially involved Conservatives claim. West Coast Conservatives such as for example Stockholm Conservative Alf Wennerfors has noted in the postelection debate that social responsibility was lacking in the election message. It was just freedom.

In the third place the strategy does not suit party leader Ulf Adelsohn. That is perhaps the intention. He has clearly taken the defeat hard. The unarticulated dissatisfaction in the party is turning, not entirely justly, against him alone. He is the one who can best handle the demand for a more social profile. So far the response has been weak and without enthusiasm.

The Conservatives are still groping for a foothold. They must soon choose between continued system change or return to a more social conservatism.

9287
CSO:3650/98

DOCTRINAL DIFFERENCES IMPEDE FRG-FRENCH SECURITY COOPERATION

Hamburg DIE ZEIT in German 6 Dec 85 p 10

[Article by Kurt Becker: "Joint Fate, Separate Strategy; France Bets on Nuclear Weapons, the FRG on Conventional Strength"]

[Text] Nowhere have Helmut Kohl and Francois Mitterrand ventured forward in their commitment to a joint German-French future than in the field of security policy. Yet it is certain that agreement is most difficult here.

Development of a truly political-strategic common destiny is the stated goal even though it is not always shouted from the rooftops. Three years ago, Kohl and Mitterrand provided the first signals and both statesmen repeat them all the time. But this ambitious project has been totally effective actually only in France. There politicians and experts to this day are conducting a vehement national debate on the future security of the country whose end is not yet in sight.

At any rate, the comparison between France's discussion and the debate in the FRG,which is hardly noticeable,in this question does not give rise to the supposition that a problem is involved here that concerns both states equally and moreover involves an extraordinary European dimension.

In the debate carried on in France it contributed to its importance from the start that the timing of the signal for close German-French collaboration coincided with the dispute concerning security planning conducted in Paris for some time. The financial capacity has reached its limits. It proved necessary to set new conceptual priorities for national security: what expenses for which armament what armament for which strategy. As expected, Paris decided in favor of the further enormous development of its independent nuclear weapons potential. This is made clear most impressively by the decision to increase the predominantly sea-based nuclear strategic warheads fivefold--to about 500--by the mid-90's.

Veiled Starvation Diet

That was only possible--in an utterly inexcusable way, many French experts believe--at the expense of the conventional defensability. An army reform and particularly the buildup of an intervention reserve of 47,000 men (the Force d'action rapide) have veiled the conventional starvation diet and have tried to compensate for that after a fashion by organizational tricks. But of course with all that there arise a bunch of fundamental questions of national security in which the German neighbor becomes increasingly important.

Mitterrand, firmly in line with Charles de Gaulle, however does not invest his security policy commitment exclusively in the German-French project. The uninterrupted historical awareness of the French permits him to back the demand for greater European independence in relation to the U.S. leading power with a much more emphatically expressed political philosophy than this is done, e.g., in the Federal Republic. Starting from a German-French dialogue, Mitterrand tries to gain the support of Western Europe as a whole for a unified or at least closely coordinated security policy. That ranges from the foreign policy in the East-West relationship via common intellectual approaches on disarmament to the attempt to Europeanize arms production. Here, too, the Federal Chancellor stood by his side.

At any rate, France with German backing tried to instill new life into the institution of the WEU (West European Union) that had been in mothballs since the 50's--probably not least also with the intention to strengthen its own leadership role. The WEU includes France, Germany, Great Britain, Italy and the three Benelux states. Since the WEU is a purely political institution without any military substructure, theoretically it would be most suited to present the architecture for the idea developed in the 60's to create a European pillar in the Atlantic Alliance. But thus far the practice has not followed the theory. The most striking example of the sterility of the WEU is the complete inability of its seven foreign ministers--most recently in early November--to prepare a common position on the U.S. missile defense from space (SDI).

In view of this general lethargy in Europe, the attempt to fill the partnership relationship between Bonn and Paris with security-policy and defense-policy substance receives even additional importance. Almost 4 years ago this venture was institutionalized by Valerie Giscard d'Estaing and Helmut Schmidt based on the Elysee Treaty. But it did not get going until the fall of 1982 under Kohl and Mitterrand.

One of the many difficulties consist in the fact that both governments approach the work with different and in part also incompatible ideas on priorities. Paris bets on its nuclear deterrence. Bonn, on the other hand, in accord with the Western alliance, wants to raise the nuclear threshold. France on the one hand would like to maintain its national pride as an independent nuclear power and maintain its complete autonomy in foreign and defense policy. On the other hand, the scenarios in case of a conflict compel the realization that the constantly increasing importance of the Federal Republic must lead to joint agreements with the neighbor across the Rhine. However, their durability would only be insured if in the future Bonn could include the availability of the French military power for European defense as a firm quantity in its security considerations. To achieve that is a task for the remainder of this century.

The new importance of the German neighbor to be considered was last summer the decisive impetus for the French parties to find answers to the question as to the extent to which the Federal Republic is to be included in the defense of the vital interests of France. That has not been achieved thus far. The answers constituted semantic contortions; they merely made clear how intensively the French are seeking statements which are acceptable in France and arouse great expectations in Germany.

Identical Interests

Much clearer was the former defense minister Charles Hernu who had to resign on account of the Greenpeace affair. In June he stated to Manfred Woerner: "France and Germany have the same security interests. You can count on us when our common freedom is involved." Since then Bonn starts from the idea of a common German-French defense area. Of course this is of real importance only within the framework of the dialogue with Paris for principal questions of the commitment of conventional forces.

In fact the arrangements between the command staffs of both states, too, have already progressed far on questions of operative links as well as for logistic facilities. To demonstrate this fact, the thus far biggest joint maneuvers are to take place within the next two years. But that does not change anything in the fact that the timing of a French action as ever is left up to the state president. The French continue to resist any automatism. Similarly they refuse to participate in the forward defense. Therefore there will probably never be a French forward troop presence. In truth the traditional German demand for this very commitment, too, has long been part of the official phraseology.

The big and in part insurmountable problems of German-French rapprochement start where questions of nuclear strategy are involved. Here it becomes especially clear that the nuclear power France sees its security not only under the aspect of deterrence. Much more than this happens with us, the French are concerned with the terrifying idea that deterrence could fail and moreover the defense east of the Rhine could collapse.

The most important questions and prerequisites for the further course of the dialogue are:

1. France remains outside the military organization of NATO and rejects any precise commitment of its own in case of conflict.

2. The French nuclear weapons serve the protection of its own sanctuary as final means--a concept which clearly differs from that of a common defense area. Paris will not provide a nuclear guarantee for others, not at all as a substitute for U.S. nuclear protection.

3. France shares Bonn's basic condition that no defense doctrine must be prepared that tries to operate in disregard of the defense structure of the Western alliance. Neither Bonn nor Paris wants to loosen the ties to the United States.

From these premises and the course of the dialogue thus far it emerges that France's strategic nuclear force can in fact strengthen the European will for self-assertion towards the Russians. But this gain is faced with the risk of a nuclear strategy directed at the destruction of cities and infrastructures of the Soviet Union for which there is no alternative for the time being on account of the aiming inaccuracy of the French attack missiles. If this deterrence failed, an attack on Russian cities would challenge the Soviets to massive retaliation. There can be speculation whether France would merely respond to nuclear attacks or under which circumstances it would carry out a nuclear first strike.

From this fact alone it emerges that Paris will not grant German participation or consultation in the decision concerning the operational modalities of France's strategic potential. The attempt to negotiate on that would be unrealistic. Moreover, the question is whether that would be in the interest of Germany. The expectation that is frequently heard in Bonn and that sounds quite different, as was expressed for example, by Alfred Dregger--that since we are participating with the Bundeswehr in the defense of France, the latter in turn would have to grant us nuclear protection,--in this undifferentiated form is completely unrealistic.

However, France's tactical nuclear weapons cannot be excluded from the dialogue. For these weapons, ground-based missiles and combat aircraft, which lately have been significantly labeled as "pre-strategic," pose central questions of our security. If the traditional French argumentation is followed, their commitment would signal escalation to the strategic level unless the warning leads to the cessation of the aggression. On the other hand, France does not possess adequate means to conduct a separate tactical nuclear war in Europe. Without close coordination with the armed forces of the alliance, any nuclear option of France would be an absurd idea. Therefore in the dialogue between Bonn and Paris, a clarification on the tactical-operative and strategic goals of France in case of a commitment of its prestrategic nuclear weapons is necessary. And just as the United States and Great Britain, France would have to promise consultation in case Germany is considered as launching pad or target area.

All this shows how narrow the limits of a security community are drawn. The dynamics of the German-French debate may lead to some surprises. But it would be completely premature to assume that the basic features of military cooperation and political-strategic understanding could be set forth in a security treaty. Even if the fact is disregarded that France's partial withdrawal with regard to the European combat aircraft and Germany's total withdrawal from participation in a French reconnaissance satellite are demonstrations of examples for still inadequate understanding.

Nonetheless the agreed-upon aim of a joint security policy remains important and correct. The effort is also necessary in view of the longer-term conceivable consequences of the SDI project on European security. And finally it is imperative in the prospect of a later European union whose substance mostly depends on the essential resources which Bonn and Paris are able to contribute to it.

12356
CSO: 3620/179

NORWEGIAN JOURNAL EXPRESSES CONCERN OVER SWEDISH DEFENSE

Oslo AFTENPOSTEN in Norwegian 18 Dec 85 p 12

[Article by Olav Trygge Storvik: "Norwegian Spotlight on Swedish Defenses"]

> [Text] Swedish defense forces should not decline below a certain level, and preferably should be strengthened with a clear priority being given to air defense and the northern Swedish areas.

This advice from Norway to decision-making Swedish authorities appeared in the last issue of NORSK MILITAERT TIDSKRIFT. Lieutenant General Tonne Huitfeldt and researcher Arne Olav Brundtland of the Norwegian Foreign Policy Institute each discussed his own viewpoint of Sweden's importance for security policy stability in the Nordic countries.

The two agreed that there has been a change for the worse in military conditions in the near Nordic areas during recent years. That has created greater uncertainty about the northern areas and Sweden is largely the focus of attention. If a low level of tension is to be maintained in the Nordic countries in the years approaching the end of the century, the credibility of Swedish defense will play an entirely central role. If the level of Swedish defenses in relation to their surroundings becomes too weak that will have consequences for both Norway and Finland, both writers agreed.

Lieutenant General Huitfeldt analyzes Sweden's position from a military viewpoint, while Arne Olav Brundtland discusses the basis for a credible policy of neutrality. Huitfeldt confirms that Swedish defense forces such as they are today would tie down large Soviet forces in an eventual operation against the Nordic countries. But in 1987 Sweden will confront a major decision about the future strength, composition and readiness of their military defense.

"It is hoped that the defense decision will give a clear and unmistakable signal to the rest of the world that Sweden will continue to play the important role which the country has had in security policy, and that the country's defense forces will in the future make a significant contribution to stability in the Nordic countries," wrote Huitfeldt. He emphasized that the defense of upper Norrland should be strengthened. The same applies to the Swedish Air Force and the survivability of the air force's base and command systems.

Brundtland confirmed that from the Norwegian viewpoint the Swedish defense could hardly be too strong. The question is how strong it must be for the neutrality policy to get respect and credibility. No short answer can be given to this question, as the limits are fluid according to Brundtland. But he also emphasized the necessity of strengthening the defense of Norrland, and the importance of air defense.

The two articles give this issue of NORSK MILITAERT TIDSKRIFT the identity of a special issue about Swedish conditions. In the back of this issue there is also a useful article on the view of the commander of the Swedish Defense Forces on future developments.

9287
CSO:3639/49

MILITARY BELGIUM

PARATROOP COMPANIES TO REINFORCE GENDARMERIE

Brussels LE SOIR in French 23-24 Nov 85 p 4

[Article by Rene Haquin: "Some 300 Army Troops Reinforce Gendarmerie in Brussels, Plus Another 100 in Three Other Provinces"]

[Text] Early in the week, both the army and gendarmerie began making appropriate preparations in anticipation of the decision made Wednesday by the Ministerial Crisis Management Committee, a decision which authorizes the gendarmerie to be reinforced by six companies of the army's Para-Commando Regiment.

A joint gendarmerie-army staff has been established in the Brussels buildings of the gendarmerie's Mobile Legion where on Thursday the first red beret platoons arrived from Diest and Tielen. After being briefed, these paratroopers were assigned to patrol duty in the gendarmerie's old blue Land Rovers, a few of which would not start because of the freezing weather.

A total of approximately 300 fully-equipped army troops are said to have reported for such duty in Brussels on Thursday. Most of them were red berets accompanied by a few green berets and even personnel from the 6th Line Infantry Regiment stationed in Ekeren. After a brief period of instruction, these troops were assigned basically to two types of duty. Some left for Evere [NATO headquarters] and Zaventem [airport] where they reinforced forces assigned to provide security for the arrival of President Reagan and other NATO heads of government. Others conducted surveillance patrols in the gendarmerie's blue jeeps throughout the greater Brussels area, particularly in front of the embassies.

Late in the afternoon, several joint patrols also took part in search operations initiated immediately after the Fighting Communist Cells' attack against the Motorola Company's office on La Hulpe Street.

Some 100 other army troops--mainly from the Ardennes Chasseurs Regiment stationed in Vielsalm--were assigned to duty in other major cities: Antwerp, Ghent, Charleroi and Liege.

The gendarmerie's reinforcements in the province of Brabant consisted of a "reduced" tactical para-commando battalion headquarters, two para-commando companies, and a "reduced" company--minus one platoon dispatched to the province of Antwerp--from the 6th Line Infantry Regiment of Ekeren.

Reinforcement in the province of Liege consisted of a platoon from the 3d Ardennes Chasseurs Regiment of Vielsalm. One para-commando platoon was sent to East Flanders.

Reinforcement in the province of Hainaut was provided by a "reduced" para-commando company (minus the platoon dispatched to East Flanders).

The army has three para-commando battalions: 1st Paratroop in Diest, 2d Paratroop in Tielen, and 3d Commando in Flawinnes.

A para-commando battalion comprises a headquarters, a headquarters company, and three line companies. Total batallion strength is 547 men. Battalion headquarters has 7 officers, 7 NCO's and 16 enlisted men. The headquarters company has 6 officers, 34 NCO's, 87 enlisted men. Each of the other three companies has a strength of 5 officers, 16 NCO's and 109 enlisted men.

The National Defense Ministry has issued a blanket order prohibiting the making of any statement to the press. In so doing, ministry officials no doubt remembered the recriminations heard from behind the fences at Melsbroek [airport] in May 1978 when paratroopers were sent to Kolwezi [Zaire].

Actually, the para-commando platoons currently reinforcing the gendarmerie again consist mainly of draftees. This reinforcement operation appears to have been effected without any great difficulty and in a spirit of solidarity. But the arrival of army troops in gendarmerie barracks, with their sentry boxes already protected by sandbags, has changed the atmosphere and is reminiscent of the old defensive reflexes characteristic of past major periods of public unrest.

In principle, the reinforcing army units furnish their own logistical support. They remain quartered in their barracks at Diest, Tielen, and Ekeren to which they return upon completion of their daily missions. However, those units stationed too far away can obtain sleeping accommodations in the Peutie barracks.

We were surprised Thursday to see among the gendarmes army uniforms other than para-commando uniforms. We were given the following explanation for this: designation of the reinforcing units is the responsibility of the armed forces chief of staff who makes this designation on the basis of military capabilities and the gendarmerie's requirements, after consultation with the commander of the gendarmeries and within the guidelines established by the government.

8041
CSO: 3619/8

MILITARY FEDERAL REPUBLIC OF GERMANY

STRUCTURE OF CIVIL-MILITARY DEFENSE COOPERATION OUTLINED

Cologne ZIVILSCHUTZ-MAGAZIN in German Oct 85 pp 31-33

[Article by Dr Horst Schoettler: "Civil-Military Cooperation--Reflection of a Workable Overall Defense"]

[Text] Legal bases for civil-military cooperation are lacking--individual agreements for cooperation in the specialized areas are needed.

Introduction

Every nation is obligated to guarantee its citizens a workable overall defense, the equally important areas of responsibility of which, viz. military defense and civil defense, consequently require the civil-military defense. "Game rules" for this cooperation are numerous; they define the relationship between civil and military agencies. All rules are in vain, however, if the respective sides fail to develop the initiatives which civil-military cooperation not only permits but downright demands. The standard text, "Civil-Military Cooperation" ["Zivil-Militaerische Zusammenarbeit (ZMZ)], by Berchtold/Leppig, published by the Walhalla and Praetoria Verlag in Regensburg in 1980 as Volume 12 of the series titled "The Bundeswehr--An Overall Description" ["Die Bundeswehr: Eine Gesamtdarstellung"], provides the means. Nothing from this work is to be repeated here. Particularly, however, the author of this current review concurs with the following statement made by the two authors [Berchtold/Leppig]:

"Special legal bases that are specifically and technically geared to civil-military cooperation are non-existent. Given the wealth of areas in which civil-military cooperation is needed, just the attempt to achieve this would prove to be impracticable and would fail. Cooperation in the various specialized areas must therefore continue to be regulated by individual agreements; there, however, such agreements are all the more necessary."

How right the authors were in making this statement is evidenced by the fact that civil-military cooperation is being both practiced and neglected with varying intensity and varying success.

The following remarks have as their goal to introduce the working levels of civil-military cooperation. This attempt is complicated by the many facets of the administrative and organizational structures at the Federal and state [Land] levels, by the variations in the administrations, which are in all cases of a federalist mold, and by the lack of a synoptic view of the organization of the Bundeswehr (territorial army only) and the general internal administration. Problems abound. Added to this are the varying areas and borders and the varying locations of the agencies, which do not exactly simplify cooperation.

Several figures bear this out:

Three territorial commands and five military district commands (or six military district administrations) in the portfolio of the defense ministry interface with ten state [Land] governments. On the other hand, 29 military region commands and 80 military county [kreis] commands are the point of contact of 27 administrative districts in six Federal states [Laender] as well as of 237 rural counties [kreise] and 91 non-kreis-incorporated cities in the FRG. Also included in civil-military cooperation, as components of the Bundeswehr administration, are 96 kreis selective service offices and 184 garrison administrations.

The description of the working levels can therefore give only an initial overview. This brochure is thus designed to serve as a guide to soldiers and civilian coworkers in civil-military cooperation.

1. Federal Level--Particularly the Federal Ministry of Defense [MOD]/Federal Ministry of the Interior [MOI]

The original [non-derivative] responsibility for civil-military cooperation at the Federal level lies with the MOD and the MOI. In the MOI, the department of civil defense has been created as an organization for this purpose, which serves as a point of direct contact for the MOD.

Both these ministries, together with other ministries concerned with civil defense, participated in a responsible capacity in the following agencies/committees:

1.1 Federal Security Council

This body was created in 1955 on the recommendation of NATO in each of the member stated of the alliance.

The Federal Security Council is concerned not only with questions of civil-military cooperation, but also convenes, for example, to consider questions of internal security.

In the FRG, the Federal chancellor presides over this body; its membership is made up of all ministries concerned with defense matters, namely:

--Ministry of Foreign Affairs
--MOI
--Minister of Defense (chairman pro tempore)
--Minister for Economics
--Minister of Finance

The ministries are represented by their respective ministers.

Also taking part in the meetings are the state secretaries of these ministries, as well as the chiefs of the office of the president of the FRG, the office of the chancellor of the FRG, and the Federal press office.

The armed forces chief of staff participates in all meetings; the chief of the civil defense department of the MOI can be called into the meetings at any time.

Subordinate agencies are:

--the department chief committee of all participating ministries, chaired by the office of the chancellor of the FRG
--the interministerial secretariat with the defense experts of all ministries, chaired by the office of the chancellor of the FRG.

Here, too, representatives of all Federal ministries concerned with defense questions can be called in.

At the federal level, these currently number more than a dozen ministries. Aside from the previously mentioned ministries--MOD, MOI, Minister of Foreign Affairs, Minister for Economics, Minister of Finance, and Minister for Labor and Social Affairs--the following are concerned with civil-military cooperation:

--Minister for Regional Planning, Housing and City Planning
--Minister for Youth, Family and Health
--Minister for Food, Agriculture and Forestry
--Minister for Transport
--Minister for Post and Telecommunications
--Minister of Justice.

There are sections for civil defense in all ministries.

Excursus:

Numerous Federal agencies (Federal offices/institutes, Federal labor administration, Federal RR system, Federal postal system, etc.) subordinate to these ministries can be points of contact in individual tasking areas, the result, primarily, of the legal bases of the Federal performance law [Bundesleistungsgesetz] and security [of resouces]. Because of their administrative multiplicity, it is not possible to list them here.

1.2 Interministerial Crisis Staff

This body convenes during

--political-military crisis
--internal unrest, and
--supraregional disasters.

It has been in existence since 1972. Depending on the status of the crisis, it is made up of the responsible chiefs of the civil defense departments (or internal security/police) in the MOI and the foreign office, the MOD, the Federal ministry for transport, and the Federal press office.

Other Federal ministries concerned can be called in if needed.

2. Federal State [Land]/Military District Command Level

In the Federal states [Laender], in keeping with the principle of cooperating on the same administrative level, the military district commands and the state [Land] governments constitute reciprocal points of contact. In all ten Federal states, there are departments in the respective interior ministries or comparable senate administrations which concern themselves with civil defense as well as fire and disaster control.

In addition to the standing cooperation between this department and the offices of the military district command, a "coordination committee for questions of overall defense" has been created in peacetime. Through uniform organizational application of the legal bases, this body [coordination committee] is responsible for facilitating civil-military cooperation.

Permanent members of this committee are:

--the respective military district command
--the responsible military district administration
--the interior ministries and defense-significant specialized ministries of the states [Laender] belonging to the military district
--the Federal agencies responsible for the military district.

Needless to say, other offices and units can be called on to participate in the discussions if need be. Normally, the coordination committee convenes at least once a year. Its important tasks include the working areas: situation and reporting system, residence control, disaster control, peacetime and wartime stationing, exercises, maneuvers, as well as crises control and alert planning. For the management of the coordination committee, a permanent point of contact is maintained in the civil defense department of both the military district command and the interior ministry chairing the committee.

In the southwestern part of the FRG, the origins of civil-military cooperation extend back to the year 1965, when for the first time contacts were made for the purpose of coordinating the defense-related tasks levied on both parties between the interior ministries of the states of Hessen, Rheinland-Pfalz and the Saarland, on the one hand, and the military district command IV plus military district administration IV, augmented by representatives of the German III Corps and the United States V Corps, on the other. From this beginning, well-functioning coordination agencies have evolved over the course of time. These consist in essence of the civil-military central committee and ten subcommittees. The latter meet once or twice a year, as needed.

Aside from the firmly institutionalized committee meetings, additional meetings were held when required, at which pending problems are discussed.

In addition, since 1980 a conference has been held annually by the interior ministers of the Federal states [Laender] in the southern part of the FRG, the commanders and the presidents of the military district administrations in the area of the Territorial Command South, as which civil defense topics are likewise paramount.

In case of a disaster or a tension and national defense emergency, the situation center in the interior ministries of the states is manned by a command staff, in which the military district command is represented by a liaison team. The military district administration likewise assigns a liaison group to this center.

In the state chacellery (or state ministry), a civil defense expert normally counsels the minister-president [of a Land] or the head of the state chancellery: he works in close cooperation with the interior ministry of the state [Land].

Civil-military cooperation is regularly tested in exercises, particularly during NATO command post exercises [CPX's] of the WINTEX-CIMEX series. All in all, civil-military cooperation at the state [Land] government-military district command IV level can be described as good and productive.

3. Administrative District-Military Region Command Level

The administrative level of the administrative district president (or district government) does not exist in all all Federal states [Laender]. Besides the area-covering states of Saarland and Schleswig-Holstein, the city-states of Bremen and Hamburg likewise do not have these intermediate-level agencies.

Many states, therefore, deviate from the system of cooperation of similar administrative levels. While the military region commands normally cooperative with the district level, several military region commands are the points of contact in many civil-military cooperation questions for the state [Land] governments or senates.

In the district governments , the defense-related tasks are performed by departmental sections or departments, which aside from civil defense represent the components of disaster and incediary /fire control. The two last-named areas are focal points and this is also reflected in the manning of the positions with fire-fighting technical personnel. The military side must take note of this.

These departmental sections are weakly manned as a rule, meaning that a regular exchange of ideas on civil defense matters between the military region command and the responsible departmental section of the respective district government rarely takes place also for reasons of insufficient manning.

3.1 Tasks in Peacetime

In the government of the administrative district Rheinhessen-Pfalz, used here as an example, the departmental section [Referat] 12--"Disaster Control and Civil Defense" ["Katastrophenschutz und zivile Verteidigung"]--is charged with this tasking area. The section is headed by a fire chief; the action officers are four civil servants from the senior fire-fighting technical service as well as one civil servant administrator and one salaried administration employee in a comparable position. A subordinate civil servant completes the manning.

Only one civil servant works on "civil defense," and he also has additional duties in other fields. Consequently, the cooperation at the administrative district/military region command level is not as pronounced in peacetime as in the case at the state [Land] and rural/city kreis level.

3.2 Tasks in Times of Tension and National Defense Emergency

The formation of the liaison teams by the military region command and the cooperation between the military region command and the district government per se take place only in times of tension and a national defense emergency, and prior there to for the exercises that are conducted. At those times, however, the district government is reorganized. A command staff is set up in the district government, whose situation and communications centers relay the resolutions [decisions] of the Federal and state [Land] governments to the lower administrative bodies (kreise and non-kreis-affiliated cities). The staff in those cases is normally headed by the president of the administrative district or the chief of the communal department; in the command staff, the chief of the departmental section for civil defense and fire control works as a technical advisor in the S-3 section (command, operations, tactics).

Likewise during times of tension and a national defense emergency, the military district administrations set up liaison groups to the district governments. For general internal administration, they are the point of contact of the Bundeswehr administration. When the pre-alert is sounded, these liaison groups perform the following tasks:

--Processing applications of the Federal Office for Military Technology and Procurement, of the military district or garrison administrations, for the issuance of requisition notices pursuant to materiel security legislation and associated implementation directives.
--Meeting the demand for materiel, pursuant to the economic security law, among other things.
--Armed forces recruitment and replacement, particularly with respect to balance of forces (point of contact).

- --Representation (Justification) of construction requests.
- --Regularly informing the military district administration, on the one hand, and the district government, on the other, of existing plans, intentions, and decisions. (A complete listing and description of all tasks cannot be given because of their security classification.)
- --The chief of the liaison group is directly subordinate to the president of the military district administration. In his specialty [Operationally], he follows the directives of the respective departments.

4. City Kreis-Military Kreis Command Level

The main burden of civil defense rests on the lower administrative level, especially in the rural kreise and non-kreis-affiliated cities. The national disaster and civil defense laws decree that the primary responsibility be conferred on the chief of the communal administration or kreis administration.

It is determined in paragraph 2 of the civil defense law that it is incumbent on the states [Laender], including the municipalities, to implement this law. In this way, the competence of the Federal government is passed down directly to the administrative level of the municipalities, which thus act on behalf [on orders] of the Federal government. As in the civil defense law, the Federal government also transfers disaster control to the states [Laender], including the municipalities and associations of municipalities. In contrast to the civil defense law, which assigns the responsibility primarily to the municipalities, disaster control is keyed to the level of non-kreis-affiliated cities and rural kreis (paragraph 7). The chief administration official or his deputy are charged by the Federal government with assuring the [existence of] disaster control.

It has thus been established that the quantitative (and the qualitative!) basis of civil-military cooperation determines the cooperation between the military kreis command, on the one hand, and the rural kreise and non-kreis-affiliated cities, on the other.

It is obvious from the number of agencies [involved] that civil-military cooperation at the highest level will not progress beyond good will, political representation, or documented commonality between civil and military partners if institutions at the lower administrative levels have no game rules for civil-military cooperation, or negate them.

12689/13068
CSO: 3620/130

ANTITANK ROLE STRESSED FOR RESTRUCTURED AIRBORNE INFANTRY

Herford KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN in German Jul 85 pp 163-165

[Article by Maj Peter Kratschmer: "Effects of the Fourth Army Structure On the Operation Command of the Paratroop Battalion"]

[Text] I. Introduction

On November 6, 1978, the Federal Ministry of Defense made a decision with respect to the fourth army structure. The new structure is based on the concept of strengthening the conventional combat power of the army.

On April 1, 1982, the 1st airborne division joined the new structure as the last major entity of the army.

The following considerations had to be taken into account when preparing the new organization involving the staff of the 1st Airborne Division and the airborne brigades:

1. Given Factors,

e.g.,

- Scope of respective slot;

- Structure of the command and supply component;

- Reduction of the MILAN antitank missile systems, and

- Givens with respect to infrastructure.

2. Changes in the overall framework, e.g.,

- Retention of the mortar and pioneer components on brigade level, and

- considerations regarding the introduction of an armored weapons carrier for the TOW and MILAN antitank missile systems and the FK 20-2 field gun.

3. The basic consideration that in combat a mixture of:

- paratroop units,

- paratroop antitank units and

- paratroop field gun elements

is almost always required because of the terrain and the enemy which will always fight with tanks and armored infantry.

Therefore the new structure of the paratroop battalion fourth army structure required a division of troops taking these considerations into account and making a time-consuming operational reorganization superfluous.

II. Effects of the Fourth Army Structure

Taking this framework and the battlefield requirements into account, a paratroop battalion was created which can fight in all types of combat and is capable of:

- effectively reinforcing antitank operations of other commands,

- rapid replacement of armored forces, above all,

- protecting flanks and filling gaps,

- intercepting breaking-through enemy forces in depth, and

- taking objects and terrain by surprise.

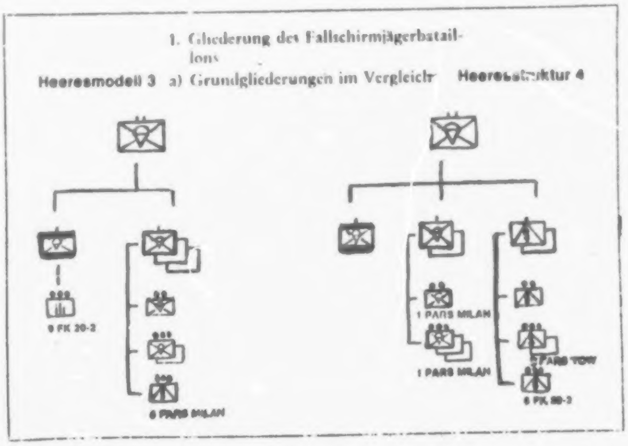
The strengths of this paratroop battalions came to bear in combat against enemy infantry as well as in destructing enemy battle tanks.

The battalion uses army transport helicopters, air force transport planes or its vehicles for transportation.

In specific situations the battalion can also be airdropped by means of parachutes.

Figure 1. Organization of Airborne Infantry Battalion

a) Basic Organization in Contrast


1. Gliederung des Fallschirmjägerbataillons
Heeresmodell 3
a) Grundgliederungen im Vergleich
Heeresstruktur 4
9 FK 20-2
6 PARS MILAN
1 PARS MILAN
1 PARS MILAN
PARS TOW
6 FK 20-2

b) Comparison of Combat Capability

	1. FschJgZg		2. FschPzAbwZg TOW		3. FschFKanZg	
	HM3	HStr. 4	HM3	HStr. 4	HM3	HStr. 4
FschJgKp 4.	2	3	1*)	0	0*)	0
5 FschPzAbwKp	0	0	0	2	0	1

Key: 1. Airborne infantry platoon; 2. airborne antitank platoon TOW; 3. airborne gun-equipped platoon; 4. airborne infantry company; 5. airborne antitank company; HM 3 = Army Model 3; HStr. 4 = Army Structure 4.
*) The HM 3 Airborne Infantry Company had 1 MILAN airborne antitank platoon with 6 MILAN launchers. In the HStr 4, the airborne infantry company has one MILAN launcher each in company headquarters and in the platoons. In HM 3, the headquarters/logistics company of the airborne infantry battalion had one cannon platoon with 9 20mm rapid-fire cannons, towed by a 1.5 ton truck.

2. Operational Opportunities for the Paratroop Battalion - Fourth Army Structure

a. The two differing types of combat companies of the paratroop battalion, i.e.;

paratroop companies and paratroop antitank companies, are not equally well suited for all types of combat because of the difference in their weapons systems.

Type of Combat	Paratroop Company	Paratroop Antitank Company
Defense	Well-suited	Well-suited
Attack	Well-suited, particularly in built-up/wooded terrain and in battles over waters.	Suited, but for fire protection as well as flank protection for attacking paratroop companies, above all.
Delay	Suited, but only in terrain particularly difficult to survey, or wooded terrain.	Suited, due to the long range of PARS TOW and field guns and the flexibility of its weapons carriers.

These differing strengths and weaknesses of the "paratroop" and "antitank" weapon systems have to be taken into special consideration by the battalion commander and the company commanders, particularly with respect to:

- the selection of deployment and deployment areas,

- the preparation and command and control of the firing,

- the position, type and extent of barriers, and

- the support by air force, artillery and mortar.

b. The companies of the paratroop battalion are generally deployed in their basic structure, i.e., the paratroop antitank companies fight the battle, for instance in defense, with their small and infantry weapons without paratroop support, in addition to utilizing their long-range PARS and field guns. If mission, situation and terrain so require, the battalion commander can, however, reinforce companies or mix them. Independent thereof, the battalion commander must use his combat companies in such a way that mutual support is possible.

3. Massed Concentration and Reserves

By means of the four-unit structure the possibilities of operation within a paratroop battalion have been increased, specifically when forming an area of concentration and creating reserves.

Generally, the battalion commander will, by means of his paratroop antitank companies with their long-range antitank missile systems, mass his concentration where he expects the main thrust of the armored enemy forces.

By the large number and the associated use of his PARS TOW and MILAN units, which often has to be structured in extensive depth, the battalion commander will generally use a reinforced platoon as a battalion reserve. If the forces used in the security line or in forward positions are provided by a paratroop antitank company due to situation, mission and terrain, then the battalion commander will often use this company in depth after alternating and give it the mission of a battalion reserve.

Overly wide combat strips and difficult terrain can result in a division of the reserve, keeping it ready with a maximum of flexibility right behind the companies operating in the front.

4. Use of the Paratroop/Paratroop Antitank Company

a. In a defense situation, the paratroop company generally fights from one area of deployment in which the paratroop platoons and subordinate elements are deployed. These positions are to be selected in such a manner that they cannot be identified by the enemy until the latter is in the engagement area of the small and hand-held antitank weapons and can thus be fought effectively with all weapons. The positions of the paratroops are to be expanded; for this purpose the battalion commander orders the use of his earthwork equipment (4EAG in the St/Vers (?) of the battalion); with the help of this equipment and beginning with the area of concentration, the emplacements for the paratroopers and the weapons carriers of the subordinate antitank elements are expanded.

Gaps between the positions are to be controlled or blocked by fire, but in any case by means of forward observers of the mortars/artillery or reconnaisance patrols.

b. The paratroop antitank company in the defense fights from a deployment area or a position in which paratroop antitank platoons and the paratroop field gun platoon hold positions.

These positions are to be selected such that

- the maximum combat distance for the antitank missile systems and the field guns can be utilized;

- the bulk of the weapons systems can be effective in the expected focus of enemy attack, and

- the firing with the long-range weapons system is possible from various positions.

The antitank platoons and the field gun platoons generally go into a sheltered position for this purpose. The positions of the platoons are to be selected and prepared in such a manner, however, that the weapons carriers can go into a partially sheltered, but, as a minimum, into a concealed position. In most cases the antitank platoons fight the fire battle from the weapons carrier; the field gun platoons always fight it from the weapons carrier.

c. In order to survive in a battle to be fought flexibly in accordance with weapons carrier operation, the specifications of a weapons carrier (LL) [airborne] must far exceed the values which are achieved by the 0.75 ton KRKA [powered-cart] weapons carrier truck still used in the paratroop units at this time.

A high degree of terrain maneuverability, good fire power during day and night, light armor protection and air transportability (2 weapons carriers in a MTH CH-53 G) are a must.

The successor of the 0.75 ton KRAKA weapons carrier truck should therefore be a light-armored, full-tracked vehicle, which as a weapons platform for PARS TOW and the 20-2 field gun is a good basis for combat and survival on the battlefield.

III. General Conclusions

The reorganization of the fourth army structure turns the paratroop battalion into an infantry unit of increased combat force and performance, which is specifically structured, equipped and organized for combat following an air-drop operation. The upgrading of its combat effectiveness is due, in particular, to its large number of antitank missile systems of medium and long range as well as its field guns.

Its performance will be further increased by the introduction of night, target and observation equipment for PARS TOW and MILAN, AN/TAS 4 and MIRA and the introduction of an armored weapons carrier (LL).

9544/7051
CSO: 3620/10

NORDIC NUCLEAR-FREE ZONE DISCUSSED

Origin, Seriousness of Zone Issue

Helsinki HELSINGIN SANOMAT in Finnish 24 Nov 85 p 24

[Article by Erkki Pennanen, including interview with Foreign Minister Paavo Vayrynen]

[Text] A Nordic nuclear-free zone has long been a central part of Finland's foreign policy liturgy. Parliamentary parties from the extreme Left to the Conservative Party have adopted it. Our parliamentary representatives scarcely know any more than that about matters relating to the establishment of such a zone. While the zone has been discussed in the other Nordic countries for years, here in Finland we have been content with a liturgy.

A week ago, under the leadership of Prime Minister Kalevi Sorsa, Finland's party leaders made an appeal to the governments of the Nordic countries to set in motion discussions on a zone. Only the leaders of the Constitutional People's Party did not participate in the joint appeal.

In Sweden, Norway and Denmark they have on many occasions engaged in heated, but many-sided debate on the advantages and problems of a zone. Ministers, members of parliament, civic organizations, scholars and the press have participated in it. Different kinds of expositions, reports and pamphlets on the zone have been published as a basis for discussion.

In Norway last week the foreign minister found on his desk another report, even more detailed than the previous one, on the possibilities of realizing a zone. The country's most competent experts and officials composed the report. The Swedish and Danish governments have also had the same kinds of reports made up.

It is otherwise here in Finland. Outside of a limited circle of investigators, the different aspects of the zone plan have not been discussed much or been written about. The Foreign Ministry has not ordered reports to be composed for the enlightenment of members of Parliament or the general public. Nor has Parliament overly requested explanations or discussed the zone on its own initiative. The press too has usually contented itself with repeating the official liturgy without critically examining the zone plan.

It was not until last week that a condensed collection of Nordic zone discussions was published in Finland. It is the cooperative product of Nordic civic organizations. This summary appeared at the eleventh hour.

The fact of the matter is that Finnish parliamentarians' debating skill will be put to the Nordic test as soon as next weekend. Parliamentarians from all the Nordic countries will be meeting then at the Danish Folketing for the first joint discussion of a Nordic nuclear-free zone.

The event may be described as a milestone in the Nordic security policy discussion -- security policy is after all excluded from the Nordic Council's annual sessions.

Finnish parliamentary representatives will have to leave for Copenhagen more poorly prepared for a detailed exchange of opinions than their Nordic colleagues. While an attempt has been made, on the threshold of the conference, to give them a rapid briefing, the Finns' speeches will probably be just circumspect reiterations of the official attitude -- since they will be discussing a Finnish initiative.

Kekkonen's Two Initiatives

President Kekkonen is recognized as the real father of the current plan in all the Nordic countries.

In May 1963 at the Paasikivi Society Kekkonen proposed that Finland, Sweden, Norway and Denmark declare themselves to be a nuclear-free zone. Behind the proposal was concern over the spreading of nuclear weapons into Northern Europe and concern over the note crisis in the early 1960's and NATO plans to create a multilateral nuclear navy had grown.

According to Kekkonen, the zone would leave the Nordic countries outside of speculations relating to the development of a nuclear strategy. He stressed the fact that a zone declaration would only strengthen the prevailing situation and that it would not weaken Nordic security at all.

The idea itself was not, however, originated by Kekkonen. As early as 6 years before then, Soviet Premier Mikhail Bulganin had proposed the same thing in his correspondence with the Norwegian and Danish prime ministers. The Soviet Union was concerned over the possibility that in a crisis situation Norway and Denmark would allow NATO to station nuclear weapons in their territories.

In the other Nordic countries Kekkonen was regarded as being an agent for the Kremlin. The initiative got a cold reception in Sweden too.

Kekkonen updated his proposal 15 years later in Stockholm. Behind the updated proposal was a deeper concern than before over the superpowers' continued development of nuclear weapons and especially over possible cruise missile flights over Nordic territories.

In Kekkonen's opinion, time had flown past all the objections and prejudices that had until then prevented objective discussion of the establishment of nuclear-free status for Northern Europe. The initiative was not ruled out in the other Nordic countries as mercilessly as it had been the previous time. Nevertheless, the round of feelers sent out by the Finnish Government did not lead to any sort of followup action.

For example, then Danish Prime Minister Anker Jorgensen saw no reason in Kekkonen's proposal for entering into discussions. According to him, negotiating on zones was a matter for the superpowers. Jorgensen was still of the same opinion in the fall of 1981, but he later changed his mind to promote the plan.

Then Finland just did not develop Kekkonen's last proposal nor did it adjust its position on the zone. In the other Nordic countries, on the other hand, a lively debate on the zone was set in motion in the beginning of the 1980's.

It developed into the most heated and many-sided debate of all -- surprisingly perhaps -- in Norway where Kekkonen's proposal had originally been most vehemently ruled out. At the same time an even broader debate on the country's security policy was initiated in Norway.

The Norwegian Labor Party government's decision to approve the introduction of Euromissiles in West Europe, the advance stockpiling of NATO heavy weaponry on Norwegian soil and discussion of the doctrine of a limited nuclear war set in motion in NATO served as a tinder box.

The Labor Party's left wing reared up on its hind legs, got the peace movement, which opposed nuclear weapons, and an incredibly broad and active Finnish-style public opinion to go along with it. The plan was energetically debated in the Storthing and many town councils declared their towns to be nuclear-free zones.

The debate at times threatened to get out of the hands of the Norwegian Government and caused it diplomatic embarrassments in NATO. Finally, in the fall of 1981 just before the elections, Prime Minister Gro Harlem Brundtland had to put the debate on the zone into its proper perspective: "A zone would not mean that Norway could not defend itself with nuclear weapons from the territories of other NATO countries if Norway were to become the object of a massive attack."

The debate was silenced when the Labor Party lost the elections and Conservative Prime Minister Kare Willoch, who was particularly opposed to a zone, took its place.

The Norwegian debate also had reverberations in Denmark and Sweden when the zone proposal was raised at a joint meeting of Nordic social democrats. In the spring of 1981 Sweden's Social Democrats demanded that the then non-socialist government enter into communication with the other Nordic governments on the matter of a zone.

At the conference of Nordic prime ministers they had to admit that there was no basis for a detailed discussion. At the conference of foreign ministers in the fall of 1981 the zone was, however, officially raised for the first time. Since then, the zone proposal has always been mentioned in meetings of foreign ministers communiques, even though there actually has been no discussion of the zone at meetings.

Several initiatives were launched in the Swedish Riksdag to promote the zone proposal. Despite the differing views of the parties, the Foreign Affairs Committee enjoined the government to maintain contact with the governments of the Nordic countries.

When the Social Democrats returned to power in the fall of 1982, the government's hitherto lukewarm attitude changed. According to the Olof Palme government, keeping the zone proposal warm was in itself a positive action. It was not prepared to go much farther than that either, but it wanted to avoid a situation in which the Nordic countries would be openly divided into two different groups.

In Denmark the zone debate became more lively when the Social Democrats moved from a position of government responsibility into the opposition in the fall of 1982 and Anker Jorgensen changed sides. In the Folketing the Social Democrats pushed through several statements in which they demanded that the government work actively to establish a Nordic nuclear-free zone. It was, however, felt that this was only possible "in a broader European context."

Jorgensen is also the father of the parliamentarians' conference that is to meet next weekend. Finns think the idea is more President Mauno Koivisto's, who, when he was prime minister, presented the idea of a separate security policy debate in the Nordic Council.

Where Is the Hangup in Establishing It?

Northern Europe has actually always been nuclear-free. Its confirmation by an official agreement will, however, encounter countless problems. Getting to the negotiating stage has not been facilitated at all by the fact that former Norwegian Minister of Maritime Law Jens Evensen in his own name years ago presented a 23-article draft agreement for a Nordic nuclear-free zone.

The differences of opinion start with the need for a zone. Urho Kekkonen operated on the assumption that a zone would strengthen the security of all the Nordic countries. In Norway and Denmark they do not consider that to be at all obvious.

The defense strategy of the Western military alliance, NATO, is chiefly based on the scare tactic that, in the event of a war or crisis, they can also prepare to defend themselves against an enemy superior in power and numbers with nuclear weapons.

The establishment of a nuclear-free zone would in advance force Norway and Denmark to refuse to accept the protection offered by NATO's nuclear-weapon umbrella. This would be regarded as shaking the credibility of NATO's entire defense strategy and leaving Norway and Denmark at the mercy of the Soviet Union.

In Sweden too, they have occasionally been of the opinion that Norway and Denmark's nuclear-weapon reserves are part of a so-called Nordic balance, a well-established security policy arrangement. Establishing a zone would change this to the advantage of the Soviet Union unless it were to agree to essential counterconcessions.

Kekkonen limited the zone to the territories of Finland, Sweden, Norway and Denmark. In principle the Nordic countries could decide on such a zone among themselves. In the opinion of the other Nordic countries, this sort of zone would, however, not be sufficient. Sweden and Denmark are demanding that nuclear weapons in the Baltic absolutely be included in a zone arrangement.

This requirement is problematic. The Soviet Union has concentrated a considerable portion of its navy's repari docks in the Baltic, docks it can scarcely abandon. And above all: The Baltic is a sea that is open to all. An agreement restricting nuclear weapons in it is by no means a matter to be handled [only] among the Nordic countries, the Soviet Union and the other coastal nations.

Counterbalancing its nuclear weapons in the Baltic, the Soviet Union may regard as a source of irritation the NATO fleet nnuclear weapons, from cruise missiles to aircraft, that are moving about the Norwegian Sea. Kekkonen was already worried about them when he revised his 1978 zone proposal.

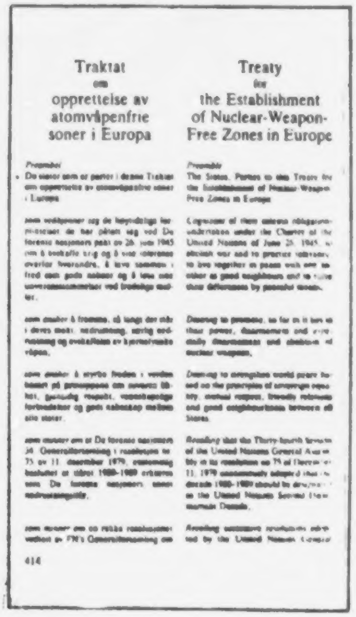
Norway, Denmark and Sweden are concerned over the Soviet nuclear weapons located in areas adjacent to Northern Europe, weapons on the basis of whose range seem to be intended for or are expressly adapted to be used against targets that are in the Nordic countries. Therefore, as an extension of the nuclear-free zone, a "thinning-out zone" would unquestionably be needed, one from which the Soviet Union would pledge to remove such missiles.

Can such pledges be expected of the Soviet Union in connection with a Nordic zone or do they belong to negotiations between the superpowers? The Soviet Union will not agree to discuss detailed issues before the Nordic countries are first able to agree among themselves to initiate negotiations.

Because of their membership in NATO, Norway and Denmark are linked with a "broader European connection" of the zone plan through NATO and the Warsaw Treaty Organization. A separate Nordic zone plan would seem to be as utopian as it was 20 years ago.

As early as 1978, Kekkonen acknowledged that the plan was impossible without the cooperation of the superpowers right from the start of negotiations. He required guarantees from the superpowers that they would under no circumstances use nuclear weapons against the zone countries, nor would they threaten the latter with them.

In the other Nordic countries they fear that binding the Soviet Union to guarantees might by opening the back door to it give it the right to speak on issues relating to their security policies. This is why a guarantee too is problematic.



Traktat
om
opprettelse av
atomvåpenfrie
soner i Europa

Treaty
for
the Establishment
of Nuclear-Weapon-
Free Zones in Europe

414

Norway's former Maritime Minister Jens Evensen has drawn up his own draft agreement.

Foreign Minister Paavo Vayrynen

In an interview with HELSINGIN SANOMAT Foreign Minister Paavo Vayrynen said that mere discussion of a Nordic nuclear-free zone has strengthened the nuclear-free status of the area. Finland proposes a joint Nordic report on the zone as the next step in this eternal matter.

HELSINGIN SANOMAT [HS]: Finland is not in the habit of contributing to proposals which we know both superpowers will firmly oppose. How does the proposal for a Nordic nuclear-free zone jive with this?

Paavo Vayrynen [PV]: The Nordic nuclear-free zone is Finland's own security and is therefore an important proposal, thinking in terms of our important national interests. It is of primary importance to us. In considering the attitude we will assume toward the negotiating process and the content of a zone agreement we take into account the interests and views of the superpowers.

We have indeed stressed the fact that the zone arrangement should be realized such that each Nordic country retains its current basic decision as concerns its security policy. We have likewise proposed that the leading superpowers be present at the negotiations right from the start.

HS: Is promoting the plan merely self-importance? What will we gain by this?

PV: Mere discussion of the Nordic nuclear-free zone has been and is useful. Thanks to it the peoples of Northern Europe are aware of the importance of nuclear-free status for this area, that it is important to preserve and strengthen our nuclear-free status. It has already in fact strengthened Northern Europe's nuclear-free status.

On the other hand, a preliminary agreement to strengthen our nuclear-free status may become surprisingly possible if only we work for it. It may be influenced by, for example, the development of military technology and the general improvement of relations between the superpowers.

HS: Hasn't the development of arms technology made the introduction of nuclear weapons into Northern Europe militarily unnecessary and thus Kekkonen's proposals obsolete?

PV: That's a good question, but it can also be turned around: Isn't precisely technological development a factor that would in part facilitate the establishment of a zone? A zone will after all in any case be an important factor in increasing confidence and security, one which will combat speculations about nuclear weapons directed toward Northern Europe.

HS: Finland has not assumed a position on nuclear weapons in areas adjacent to [those parts of] the Baltic and the Soviet Unin in Northern Europe. Isn't forgetting them unrealistic?

PV: It is expedient not to assume positions on many details until we are involved in the negotiations. Finland's premise is, however, that the zone itself would be composed of the national territories of the Nordic countries. We, of course, support measures aimed at the areas adjacent to the zone and which will add to its importance.

We have expressed our satisfaction with the Soviet Union's announcements that, as for it, it is ready to discuss both the nuclear-free status of the Baltic and measures aimed at the Soviet Union's own territory.

HS: What about the plan's general European connection, on which emphasis is laid in the other Nordic countries?

PV: Naturally, the nuclear-free zone will have a direct connection with other European arms limitation arrangements. This need not, however, in our opinion be an obstacle to the advancement of the zone plan. More far-reaching European decisions might also be set in motion through the Nordic zone arrangements.

When the NATO countries of Northern Europe also proposed that the zone be discussed among the leading superpowers, we pointed out that, before that happens, the Nordic countries should have a common idea of what sort of zone we ourselves want.

HS: How might the plan be advanced?

PV: As the next step, we have proposed that a joint Nordic report be composed. If an intergovernmental study group composed of officials cannot be formed, we might appoint a team partially composed of independent experts. At the present time there are both a UN report and national reports. A joint Nordic study would be a logical sequel to them.

HS: Can we assume that a Nordic nuclear-free zone will also fit in with our chief foreign policy objectives in the 1990's?

PV: Yes, it will fit in -- if we have been unable to establish the zone by then. Its timeliness will keep.

Norwegian Stand in Copenhagen

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 19

[Article by Pal T. Jorgensen: "Unfavorable Report from Norway: 'Nordic Nuclear-Free Zone Is Not at This Time Attainable'"]

[Text] Oslo--Norway continues to react very reservedly to the idea of creating a Nordic nuclear-free zone. This becomes evident from the Norwegian Foreign Ministry's special report which was submitted to the Storthing's Foreign Affairs Committee on Monday.

The Zone Committee report was prepared under the direction of Norwegian Conservative Prime Minister Kare Willoch's former advisor, Kjell Colding. Colding is at present serving as Norway's ambassador in Helsinki.

The report states that a Nordic nuclear-free zone can only be discussed when a broader European arms limitation arrangement is effected as concerns both nuclear weapons and conventional forces.

"The report demonstrates that a Nordic zone is not attainable in the short run, which is also the Norwegian Government's view of the matter," the nonsocialist government's Foreign Minister Sven Stray stated on Monday.

Copenhagen Does Not Interest Them

The Conservative-led, nonsocialist Norwegian Government has also refused to participate in the conference of Nordic parliamentarians to discuss the zone question, which will be organized in Copenhagen this weekend.

The government was asked to send a delegate, who would be granted the right to speak, to the conference. The Norwegian Government declined, appealing to the fact that this will be a parliamentarian-level conference. The Oslo prime minister's office specified on Monday that the Norwegian Embassy in Copenhagen would arrange for an observer at the zone conference.

According to the report made public on Monday, the possibility that Norway might go along with a Nordic zone would not in itself be in conflict with Norway's membership in NATO. However, its joining the zone could be at odds with the defense strategy of the Western defense alliance, NATO.

This is why the working out of the zone will have to take place by mutual understanding with Norway's NATO allies. If this does not happen, Norway's relations with NATO may encounter difficulties. According to the report, serious consequences would be incurred if Norway were to abandon the possibility of defending itself with nuclear weapons or if Norway were to extend its support base policy, its current peacetime nuclear-free status, to apply to a state of war of times of crisis as well.

Neutrality Is Frightening

Such a decision might give rise to fears or hopes that Norway had taken a step in the direction of neutrality. The report states that, if this happened, Norway would certainly feel the need to intensify political and military cooperation with our (current) allies.

For the above-mentioned reasons, in the Norwegian Foreign Ministry report they extremely clearly state that a Nordic zone should not be established before -- not even simultaneously -- a broader European arrangement is created.

However, Norway may at some time in the future participate at the level of officials in the work of a joint Nordic report relating to a zone. Provided that the report is made taking into account arms limitation talks then in progress and NATO's internal consultations.

Guarantees a Source of Irritation

The key point in the zone report made public by Norway on Monday is whether the potential zone nations will have faith in any guarantees that nuclear weapons will not be used against them. The credibility problem with these so-called negative security guarantees especially applies to a situation in which they have already been driven into a war.

It is the viewpoint of the report that arrangements involving nuclear weapons in the areas adjacent to Northern Europe, as concerns the Kola Peninsula and the Baltic among others, should be combined with a Nordic zone arrangement -- the aim of which is therefore to strengthen the security of the zone nations.

Nor will the zone arrangement involve only the Soviet Union's nuclear weapons. The Norwegian report also demands that conventional weapons be included because the Soviet Union has superiority in that branch of weaponry.

Supervision Difficulties

Another key problem area dealt with in the report is the question of supervision. According to the report, the Nordic countries' expertise and resources are insufficient to effectively supervise compliance. As an indispensable condition to the implementation of a zone, they stipulate that the Soviet Union must submit to inspections inside the zone itself.

According to the report, the Soviet Union must also admit inspectors into those areas of the Soviet Union that are included in a possible Nordic zone, the so-called thinning-out zones.

"Appealing to negative security guarantees, those nations possessing nuclear weapons may possibly demand a more far-reaching right of inspection. This may mean unwarranted interference in the internal affairs of a zone nation. Supervision arrangements must therefore be so designed that abuses do not occur," the report states.

Finland Is Not Yet Taking a Stand

On Monday the Finnish Foreign Ministry did not wish to say anything about the Norwegian zone report and Norwegian statements relating to it. Foreign Minister Paavo Vayrynen said that he had just gotten his hands on the report towards evening. Vayrynen and ministry officials will first familiarize themselves with the contents of the report and comments will not be issued before Tuesday.

Vayrynen on Norwegian Stand

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 85 p 8

[Article: "Vayrynen Sees Something Positive Too in the Norwegian Zone Report"]

[Text] Foreign Minister Paavo Vayrynen sees positive factors too in Norway's recent report on a Nordic nuclear-free zone. The Norwegians have decided that the zone plan cannot be realized at this time, but Vayrynen draws attention to the fact that in the report they discuss in detail and in a positive spirit the development of Nordic communication in the matter of the zone.

"According to the report, it is useful for the Nordic foreign ministers to continue holding regular discussions on the zone and to complement them with communication at the secretary-of-state level. Furthermore, they feel that it will be possible at some later point for them to be able to on a joint Nordic basis start to shed more light on the zone issue at the level of officials. This outline offers opportunities for making progress, ones there is good reason to seize," Vayrynen said in his Tuesday statement.

The Finnish foreign minister, however, noted that in the Norwegian report they particularly closely link the establishment of a nuclear-free zone with a broader European arms limitation arrangement.

"The report makes it clear that, due to the conditions that have been described, the establishment of a zone would turn out to be very complicated and time-consuming," Vayrynen said.

Prime Minister Kalevi Sorsa did not want to comment in detail on the Norwegian report on Tuesday because he had not yet had time to familiarize himself with it. Sorsa, however, said that he had gotten the impression that the report was not quite as negative as the first comments sounded because, among other things, Norway said that it was ready to participate in a joint Nordic preliminary discussion of the matter.

The Nordic zone will be discussed at the conference of Nordic parliamentarians to be held this weekend in Copenhagen. There, speaker Erkki Pystynen will present the Finnish parliamentary parties' appeal on behalf of a nuclear-free zone.

In their appeal they propose that the governments of the Nordic countries decide to launch a joint Nordic preliminary effort relating to the zone.

The chairmen of all the other parliamentary parties except the Constitutional People's Party have signed the appeal. The chairmen will meet to consider possible followup actions after the Copenhagen conference.

They will not be aiming for a joint declaration or other position paper at the parliamentarians conference to be held Friday and Saturday in Copenhagen.

Foreign Ministry Group to Study Zone

Helsinki HELSINGIN SANOMAT in Finnish 28 Nov 85 pp 3,9

[Article: "Ministry Appoints Study Group: Report on Nuclear-Free Zone"]

[Text] The Foreign Ministry has appointed a group of officials to study viewpoints relating to a Nordic nuclear-free zone.

According to Foreign Minister Paavo Vayrynen, the group intends to draft a proposal to be published by next midsummer on Finland's position with regard to the [zone] plan. It will also bring together and update the ministry's own earlier reports on the matter. The purpose is to in this way prepare for a joint Nordic report and for discussions with the other countries.

According to Vayrynen, the creation of the study group came at an opportune moment since the Norwegians published their own sternly worded report on the plan early this week.

In Vayrynen's opinion, there was a lot of new material in the report. He feels that the readiness expressed by the Norwegians to participate in a study of the plan together with the other Nordic countries, among other things, is positive.

Norwegian Report Led to Creation of Study Group in Finland

According to Foreign Minister Paavo Vayrynen (Center Party), the report of the group that studied a Nordic nuclear-free zone and which was made public in Norway early this week has also made the formation of a study group opportune in Finland.

"There was new material in the Norwegian report, even if it did also reveal new problems," Vayrynen said on Wednesday in Helsinki.

The task of the group of officials to be formed is to study the viewpoints relating to the establishment of a Nordic nuclear-free zone. They will have until next midsummer to draft a report to be published on Finland's position on the establishment of the zone.

The group will also familiarize itself with reports and materials involving the Nordic nuclear-free zone that have been produced in the other Nordic countries. On the basis of these it will uypdate the Foreign Ministry's own zone studies, keeping in mind a joint Nordic report on the plan that is to be made and discussions to be entered into with the other countries.

The study group will be headed by Political Undersecretary of State Klaus Tornudd and Political Section chief Seppo Pietinen will serve as its vice chairman.

In Vayrynen's opinion, there is an in principle positive readiness in the Norwegians' report to participate in a joint Nordic effort to study the plan.

"Norway has not specifically expressed its position on the plan before. Now that position has been formulated and it is a tough one," Vayrynen said and stated that the study group had also imposed strict conditions for joint Nordic negotiations.

In the Norwegian report the development of a Nordic nuclear-free zone is linked with developments in common European plans for limiting nuclear and also conventional weapons. In Vayrynen's opinion, Norway also imposes very far-reaching demands for the extension of the zone to Soviet territory.

"It's hard to say whether the Norwegian report will make it harder or easier to carry out the plan. It contains both elements," Vayrynen deliberated.

Parliamentary Representatives to Go to Copenhagen

In the Nordic countries they are right now getting ready for the conference starting on Friday in Copenhagen of parliamentarians who are to discuss a nuclear-free zone. Among others, Prime Minister Kalevi Sorsa (Social Democrat), Foreign Minister Vayrynen and a group of parliamentary representatives will be leaving for the 2-day conference from Finland. Representatives of the government from Norway will not participate in the conference.

According to Vayrynen, the Finns will not propose anything new with regard to the plan at the conference. "We have for a long time now hoped for a joint Nordic report on the zone," he said.

Categorized as the eternal plan, in Vayrynen's opinion the nuclear-free zone will probably not be implemented quickly, although the Finns' goal would be to achieve it without delay.

In his opinion, Norway, Denmark and Iceland's membership in NATO can be reconciled with the zone plan.

"Of course, in practice the zone plan will also depend on the positions assumed by the superpowers and their relations with one another. The leading superpowers would have to participate in the discussions right from the start. We must also assume that they would offer their own security guarantees," Vayrynen said.

11,466
CSO: 3617/39

FORMER DIPLOMAT DOUBTS COUNTRY'S DEFENSE CAPABILITY

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 7

[Text] Oslo (STT)--Finland would certainly defend itself against a possible Soviet attack. But the question is: How effectively would the Finns be capable of defending themselves? The answer to this question may be of vital importance to Norway. This is what former American diplomat John Ausland wrote on Monday in the Norwegian newspaper, AFTENPOSTEN.

From 1969 to 1973 Ausland was the second-highest ranking American diplomat at the American Embassy in Oslo.

In the article Ausland was of the opinion that the Finns are not very willing to look the truth in the eye when examining the strength of their Armed Forces.

Ausland writes that the Finns fought against the Red Army twice and that they stopped it both times. This is why, in Ausland's opinion, the Finns have a "perhaps exaggerated impression of their ability to give such a performance again."

Ausland asserts that the 1981 Parliamentary Defense Committee report cites serious deficiencies in Finland's defense establishment.

According to Ausland, some of these deficiencies have now been corrected. He also stresses the fact that Finland needs much more in the way of funds than it now employs so that the Armed Forces can be made really effective. According to the author, this is quite possible within those limits "imposed on Finland by the Friendship, Cooperation and Mutual Assistance Pact." (The restrictions are in the Paris peace treaty.)

According to Ausland, the Soviet Union would probably only be satisfied -- thinking of the trade balance -- if the Finns would buy more modern military equipment from the Soviet Union.

After his tour of duty at the embassy in Oslo, Ausland was a member of the U.S. delegation at the SALT negotiations in Geneva. He resigned from his country's State Department in 1974 and now resides in Norway.

11,466
CSO: 3617/39

FEDERATION OF OFFICERS ON PERSONNEL RESTRUCTURING

Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 85 p 16

[Article: "Officers Federation Opposes Extension of the Concept of Officer: Finnish Officer Corps Disappearing"]

[Text] Extension of the concept of officer to the professional titles of others than college-educated officers wounds the pride of the Officers Federation. As for the Staff Officers Federation, it feels that the plan for improving the Armed Forces personnel system announced a little less than a month ago will emphasize protection of college-educated officers' career advancement.

In the opinion of the Officers Federation, which held its federation meeting in Oulu, the Finnish officer corps will disappear if the plan is carried out. "It's almost the same as if they were to begin calling nurses doctors," Officers Federation chairman Matti Lukkari declared.

"Officers would experience the change as a loss of their identity. There do not appear to be any pressures that support the proposed change," Lukkari noted.

"The rank of first lieutenant on graduation, automatic acquisition of the rank of major and the new rank of colonel first grade will accelerate the advancement of officers' careers. The Officers Federation has not tackled these questions," the Staff Officers Federation council stated on Friday in Helsinki in formulating its position.

The Staff Officers Federation asserts that the general plan is inadequate in many respects. Since what is at issue is an unsettled matter, the federation did not feel that it was right to start bickering with officers in the press.

"Level of Academy Officers' Duties Must Be Raised"

The Staff Officers Federation attaches special importance to the fact that the plan does not contain a clear proposal for raising the level of academy officers' duties to correspond to their training.

On the contrary, they plan to transfer staff officers' current higher functions to commissioned officers. The federation council states that these plans must be categorically rejected.

In the opinion of the staff officers, at the contemplated officers academy they should pay officers a salary as early as the first year of study and they should graduate as first lieutenants, not as second lieutenants in accordance with the plan.

According to chairman Lukkari, the Officers Federation's mistrust is not directed against the Armed Forces commander, who has approved the general plan, nor against the General Staff, which drafted the proposal. The officers fear that they will be trampled underfoot as they were in the 1974 reform of the personnel system.

Commander Jaakko Valtanen, who spoke at the Officers Federation meeting, hoped that the personnel system would not be used as a mill for producing higher wages.

"In the opinion of the officers, this is not a question of money, equality or different ranks, but in the end a question of traditions and principles," Lukkari said.

The Officers Federation has imposed its conditions for implementing the personnel system: among others, correction of the present wage distortions before switching to a new system.

The Officers Federation does not, however, rule out the entire reform, but recognizes that the level of duties must be raised to compensate for the lack of commissioned officers below the rank of brigadier general and instructors.

"Major's Positions for Staff Officers"

The Officers Federation council feels that the plan cannot be implemented unless they make changes and adjustments in it. For example, a more advanced training course for an academy officer should guarantee him the rank, position and duties of a captain. According to the plan, an academy officer could become a captain only when a vacancy occurs.

In the opinion of the federation council, Supplementary Course 3 should be included in academy officers' training and they should be given a real opportunity to acquire the rank, position and duties of a major in the officer cadre of the lower-level troop units. According to the general plan, this course is given only if it is necessary.

According to Staff Officers Federation chairman Pentti Jarvinen, at least tens of positions with the rank of major should be created for staff officers in the Armed Forces and the Border Patrol.

In the opinion of the staff officers, military technicians and managers should be transferred to the category of staff officer. "Only one academy-level professional association is needed in the Armed Forces and the Border Patrol," Jarvinen said.

The Staff Officers Federation also bears the responsibility for the interests of those staff officers now in the services. In the opinion of the federation, they should switch to a new system in a way such that all current staff officers hold the rank of commissioned officer when the first new ones graduate. The necessary supplementary training should begin immediately.

11,466
CSO: 3617/39

MILITARY ITALY

SPADOLINI PROMISES NO WASTE IN DEFENSE BUDGET

Milan IL GIORNALE in Italian 16 Nov 85 p 6

[Article by Guido Azzolini: "Spadolini: No Waste in the Defense Budget"]

> [Text] "We will cut out fat and deadwood even if we come up against pork-barrel interests." The military will emphasize interservice relations.

Minister Spadolini will present to parliament very soon a plan to reduce superfluous expenses and make the most effective use of defense budget allocations. The purpose is to improve the military's efficiency by increasing interservice cooperation. Minister Spadolini affirmed this yesterday in his speech opening the 1985-86 year at the three service branches' military schools. The ceremonies have rotated for the last 8 years between Civitavecchia, Leghorn and Florence, which are the headquarters of the Army, Navy and Air Force military schools respectively.

Spadolini said that present defense spending at this time of crisis for the economy "is all the country can do"; hence the need to "revise and reshape the military in order to make it into an effective unit without waste or uneconomical expenses." But the reform plan he will present is sure to "meet with resistance from pork-barrel politicians and localities."

The measures proposed will be unpopular because they go against the electoral interests of various politicians or political parties. The decisions made will in any case be a "measure of the responsibility of the political groups that will have to take a stand on cutting out waste and deadwood." The minister observed that parliament "is the only place where these problems can and ought to be raised. They concern not only the majority but also the opposition, because they are of national importance." In other words, the minister intends to educate those who, on the one hand, lament excessive military spending and, on the other, continue to feed it by "privately" supporting a redundant military with a thousand units, officers, headquarters, bases, supply dumps, etc. that are no longer useful or are two or three times more than needed; and they cost money.

The minister again indicated interservice cooperation as being the way to "link efficiency with unity" for national defense. In the same vein, he maintained that the military schools need to be better linked collegially, not only with other military schools but also universities and "civilian" research centers dealing with military matters both inside Italy and abroad.

The minister's speech was preceded by remarks from the commandants of the three military schools: Air Force Major General Luciano Meloni, Rear Admiral Cataldo Gigantesco and Major General Natale Dodoli, who is also chairman of the committee of commandants of the military schools. The three officers outlined the activities of the previous academic year in each of the three schools and the programs that are being started. Among the innovations announced is the extension from 6 to 9 weeks of the joint activities of the three armed services.

After the preliminary speeches and before the minister's address, the defense chief of staff, Wing Commander Lamberto Bartolucci stressed the need for the military schools to accentuate their own activities with an interservice perspective and also to pay more attention to the non-military world and become aware of cultural developments and the symptoms of social change.

8782
CSO: 3528/30

NEW PUBLICATION VIEWS SCOPE OF DEFENSE INDUSTRY

Milan IL GIORNALE in Italian 12 Nov 85 p 3

[Article by Marcello di Falco: "100,000 Employees, 360 Companies: That Is the 'Defense' Industry"]

> [Text] The first annual document on the defense industry is published. Italy is in 4th place in the Western world.

Rome--It has been known for some time that the defense industry is one of the most vital to Italian manufacturing. Only in recent months has evidence been divulged that makes it possible to evaluate the real size of this part of the economy. It is easy enough to fulminate moralistically against it, but it is also easy to forget that all the other countries in the world also spend a lot for weapons. The upshot is that if we did not have this industry not only would we not export defense items as we do but we would become heavy importers.

The last and decisive contribution to understanding this sector comes from Publi & Consult International of Rome. In the last few days it published the first yearbook ever: "The Italian Defense Industry 1985-86." This weighty tome tells the number of Italian businesses completely or partially involved in the defense industry: 360 companies with "defense" billings of 4-5 trillion lire a year and about 100,000 employees working exclusively on "defense" systems.

In actual fact there are substantial difficulties in defining the scope of the industry. A good place to start is the national budget. In 1985, overall "military" expenditures were close to 23 trillion lire, about 12 trillion of which goes for salaries and pensions. The balance of about 11 trillion is for the "acquisition of goods and services," about 9 trillion of which is for the armed forces and 2 trillion for public security services.

This figure also includes expenditures not specifically "military": food, uniforms, conventional transportation, and the maintenance of civilian and similar buildings. Official government documents show that about 4.5 trillion lire go for the purchase of "war material, infrastructures and military equipment" and state that about a third of these purchases are for sophisticated electronics equipment.

It is no news that modern defense is based more and more on the use of computers and microprocessors; this explains why the "real" military industry is no longer represented by cannon manufacturers but by designers of decoy targets for enemy missiles or night-sight binoculars that can detect a moving tank in complete darkness.

This industrial evolution makes it very difficult to identify foreign trading in defense systems among all the statistics: the customs lists seem to identify hi-fi amplifiers which are really ground-to-air guidance systems. Unless the official figures are read very closely they give the impression that Italian "military" trade is now in balance: we export about 1.75 trillion lire a year and import an equal amount.

The figures recorded--"domestic consumption" at about 5 trillion lire a year, an equal amount for production, import and export at 1.75 trillion in each direction--would put Italy in fourth place in the West, after the United States, France and the United Kingdom. It is useless to mention the difficulties in identifying foreign buyers: even if their identity is not a state secret, there is doubt about who they really are. In this context, sales to one country are frequently transmitted to others.

8782
CSO:3528/30

MILITARY ITALY

BRIEFS

PICCIONI NEW NAVY CHIEF--Rome--Admiral Giascone Piccioni was elevated to chief of staff in a brief ceremony in the courtyard of the Navy Palace yesterday by Vittorio Marulli, who had commanded the navy for the previous 22 months. One small, but important note: President Cossiga's decree implementing the decision of the Council of Ministers to replace Marulli (who was 2 months past retirement age) appoints Admiral Piccioni "for 2 years." This is a startling innovation that must have been agreed upon by the president of the republic, the Chigi Palace and the Defense Ministry. Previously, every chief of staff had been appointed to a term ending at his retirement age except that the executive often extended the term of active duty for officers who would not have otherwise been able to "govern" for at least 24 months. The innovation introduced in Piccioni's appointment may thus be interpreted as an official sanction of this custom. The "appointees' walz" is not over: a decision is expected to replace General Giuseppe Piovano with Admiral Mario Porta at the Defense General Staff. Many people have noted the government's delay in preparing the appointment, although there is reason to believe that it may be due to resistance within the military leadership. Now that Piccioni has become chief of staff, the post of commandant of the Naples department will go to Admiral Cesare Pillini, commander of Alto Tirreno. He will be succeeded by Admiral Vinciguerra, and his second in command Sergio Maioli will become squadron commander at the Porta base. The new second in command is expected to be Admiral Filippo Ruggero. [Text] [Rome LA REPUBBLICA in Italian 16/18 Nov 85 p 7] 8782

CSO: 3528/30

DISMISSED MILITARY RETURN TO ARMED FORCES

Lisbon EXPRESSO in Portuguese 23 Nov 85 pp 1,3

[Excerpts]The Army General Staff has just readmitted 56 general officers who had been "purged" following 25 April. The group includes Luz Cunha, Bettencourt Rodrigues and Silvino Silverio Marques, considered the strong men of the "land army" in the final phase of the Marcelo Caetano regime. EXPRESSO has learned, meanwhile, that Silverio Marques did not request reinstatement, nor did Kaulza de Arriaga. Also reinstated were 221 high-ranking officers and 23 sergeants who were removed from the active army and placed on reserve following the revolution.

According to information obtained by EXPRESSO, the Defense Ministry is studying the case of Adm Americo Tomas, former president of the republic, with a view to his readmission to his branch of the Armed Forces. Incidentally, no naval officer has been placed or readmitted, although almost all those who were dismissed have already requested a review of their career status, under the terms of the legislation in force.

In the Army, contrary to other branches of the Armed Forces, the reintegration process is almost complete. According to our information, Gen Vasco Goncalves, who has been (and is now) on reserve status, has not requested to be transferred to active status, as he could have done under a regulation which permits a review of the status of military officers in this situation.

Return to Barracks

With regard to ranking officers and sergeants, we have learned that 26 have also requested transfer to active duty. Of the 221 officers who have been reinstated, 9 may give up their reserve status at any time and return to active duty. They include three colonels, two lieutenant colonels, three majors and a captain. Unlike the others, none of these officers has yet reached the age limit established for each of these ranks. Thus they are in a position to return to active duty.

General Promotions

According to our information, 106 naval officers have also requested to be returned to active duty. No one has been recalled yet, for purely bureaucratic reasons, It is known, meanwhile, that many of these officers will be promoted to the next rank and, in some cases, two ranks above the rank they hold now.

As for the Air Force, an official spokesman confirmed that "we are now in the phase of analyzing the status of those who were purged, in accordance with the legislation."

In this branch, too, almost all those who were removed have requested the "reestablishment" of their careers. The dispatch was favorable, as the chiefs of general staff of the other two branches of the Armed Forces were favorable; only the Army chief of staff ruled unfavorably, and this only with regard to military officers whose service records indicated disciplinary action had been taken against them.

6362
CSO: 3542/42

LEMOS FERREIRA ON ROLE OF ARMED FORCES

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Nov 85 p 3

[Excerpts] "Any allusions to obstacles stemming from the armed forces with regard to the complete implementation and development of the democratic process and the nation's well-being, as set forth by its legitimate representatives, are unreal and farfetched. Quite the contrary; the military institution, being one of the elements of the overall social fabric, is profoundly interested in the nation's stability, economic development and educational, cultural and material progress." This is the statement made yesterday by Gen Lemos Ferreira, head of the Armed Forces General Staff [EMGFA], during a speech which he gave before the Lisbon Artillery Regiment as part of the national commemoration of the 10th anniversary of the 25 November [coup attempt], held at the headquarters of that military unit and attended by the president of the republic and prime minister.

Asserting that "there is no such thing as progressive armed forces versus conservative armed forces," Lemos Ferreira emphasized that "by definition, technical necessity, and natural tendency, the armed forces are in a constant state of evolution encompassing the most diversified areas, from the equipment and accompanying instruction to applicable tactics and human relations."

'Naturally Conservative'

In his speech at the Lisbon Artillery Regiment, Gen Lemos Ferreira stated that the military institution is "frequently innovative in a positive sense," although it is "naturally conservative with regard to moral principles."

'Conscious Obedience'

Gen Lemos Ferreira asserted that the military institution is "eminently national," by which he means that it is an instrument at the service of the nation and state without being subject to possible influences of a party nature."

And he went on to say: "Without casting any doubt on the unwavering obedience (of the armed forces) due to sovereign organizations which exercise and develop national policy, it goes without saying that obedience must be conscious and not blind and that the precise significance of the word 'serve' does not imply subservience or the acceptance of possible situations of discretionary subordination."

According to the EMGFA chief, the statements he made are aimed at "eliminating unfounded anxieties expressed by certain individuals with regard to the intrusion of the armed forces in the state's political structure and who, repeatedly, insist on establishing a false civilian/military schism in our society."

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CSO: 3542/37

NEXT ARMED FORCES CHIEF TO FACE FUNDS ISSUE

Previous Career Examined

Stockholm DAGENS NYHETER in Swedish 11 Dec 85 p 7

[Article by Olof Bergman: "Bengt Gustaffson to Follow Lennart Ljung--A Military Career Straight to the Top"]

> [Text] "He carries a marshal's baton in his knapsack." Perhaps they will dare to use this somewhat tired expression about 52-year-old Lieutenant General Bengt Gustafsson, who is expected to be appointed Supreme Commander of the Armed Forces [OB] on Thursday, replacing Lennart Ljung.

As early as 1983 Gustafsson was designated as the new OB, but evidently he was considered too young and Ljung remained 2 more years on the job.

His career went straight up from his graduation in 1958 from the Defense Secondary School to his present position as Commander of the Upper Norrland Military District. Furthermore he advanced so rapidly that in 1984 he skipped over the grade of major general and became a lieutenant general directly, which does not happen often. Of course that happened with the approval of the government, as do all senior appointments.

Despite the swiftness of his rise, Bengt Gustafsson has had a very genuine career. He became an officer in 1959 and has gone through the Swedish Armed Forces Staff College, the National Defense College and the Engineer Officers School. With troops he has served in the Boden Engineer Corps and the Svea Engineer Regiment. Furthermore he has on different occasions served on the Defense Staff and the Army Staff.

In his military career there have also been some civilian positions, which have surely been useful in his march toward the position of OB. Thus he has been head of the Civil Defense Planning Bureau and was a member of the Economic Defense Environmental Committee and the Readiness Council of the Social Welfare Board. Perhaps most important was his service as Departmental

Counsel in the Defense Department 1982-1984. The then Defense Minister Anders Thunborg is said to have appreciated his good judgment and his capacity for work. When Bengt Gustafsson was appointed lieutenant general and commander of a military district in August 1983 it was therefore just a matter of time until the marshal's baton, or more correctly the position of OB would be attained.

Security Risk

During his time in Norrland Bengt Gustafsson worked to stop the migration from inland to the coast. To the extent that he could, he tried to contribute to creating jobs where the people had their roots.

"It is important from a practical viewpoint, but also psychologically. It is easier to create a willingness to defend an area where people live," he recently said in a speech.

Clippings concerning the future OB are free of unfavorable notation, except that he was accused by the Communist Workers Party of Norrbotten of being a "security risk." That happened when Gustafsson, days after he took over in Norrbotten, in an interview stated his solidarity with the Western powers. He "is more concerned about the threat from the East." This inflamed the chief editor of NORRSKENSFLAMMAN, Alf Lovenborg, who is also chairman of the Communist Workers Party. He demanded that the then Defense Minister Anders Thunborg replace Bengt Gustafsson as commander of the northern military district.

Three Children

Part of the story about Bengt Gustafsson is that he has been married since 1957 and has three children, two girls born in 1959 and 1961 and one boy born in 1968. What he does in his free time could not be determined despite questions asked here and there.

Possibly his work is his hobby. He would not say anything about this, nor about the appointment as OB.

Opposition Farty Leaders Approve

Stockholm DAGENS NYHETER in Swedish 12 Dec 85 p 8

[Article: "Green Light for New OB"]

[Text] The party leaders of the political opposition approved the appointment of military district commander Bengt Gustafsson as the new OB beginning 1 October 1986. That took place on Wednesday when Defense Minister Roine Carlsson briefed the party leaders about the changes in the military leadership.

The appointment of Gustafsson as OB will take place at Thursday's cabinet meeting. He will be the youngest OB ever, at age 52.

At the meeting with Roine Carlsson the opposition asked questions about other changes in the military leadership, but Roine Carlson did not say anything. In the first place the chief of the Naval Staff, Torsten Engberg, is expected to be the new chief of the Defense Staff, replacing Bror Stefensson. The appointments will be announced in the spring, and many changes are expected.

'Wide Experiences' Main Strength

Stockholm DAGENS NYHETER in Swedish 13 Dec 85 p 2

[Editorial: "Change in Post of OB"]

[Text] Since Olof Thornell during the war years, no supreme commander has had such a difficult job as Lennart Ljung.

Since Ljung took office in 1978 it has been difficult for the defense to get sufficient funds for an effective organization. Territorial violations and submarine penetrations strain large parts of the military system. When Bengt Gustafsson takes over the job next year he knows what to expect.

Every commander who holds the position sufficiently long contributes to the mood of an organization, and perhaps also puts his stamp on it. Military generalship is hardly expected of a modern OB in the first place. Lennart Ljung has led the defense forces as a flexible and outward-oriented business leader or an up-to-date civilian factory manager, more of a conciliator than a bold decision maker. Some said he was a bit like an archbishop. Having come from a technical branch, Ljung gave the defense leadership a more intellectual stamp than it previously had. Bengt Gustafsson, the engineer officer, has the ability to keep internal debates within the organization at the same level. Then it will depend mostly on cooperation and leadership. What is needed is a real commander of the defense forces--with the power to reorganize the apparatus.

Gustafsson's strength at the outset should be his broad experience. He was head of a bureau in Civil Defense, commander of a regiment, head of a department in the Defense Department and commander of a military district--there are not many more accomplishments to wish for.

While new in the role of commander in Boden, Gustafsson made a number of hasty statements in the beginning, even some which had nothing to do with the security policy situation. In an article in this year's edition of the debate book of the Foreign Policy Institute "Fred och sakerhet" [Peace and Security] he presented fairly obvious viewpoints on the need for more money for a partially hollowed-out defense. Our present OB is also one who plays with the idea that the army of the future will refrain from tanks--the lack of deeper analysis is, however, obvious.

Now it is everything for the combat units. If Bengt Gustafsson as OB can ensure the availability of junior officers and NCO's--active and conscript--in repetition training he will make a valuable contribution which no one has previously been able to do. An abundant respite for well-educated and eloquent people creates a serious democratic problem within the popular defense forces. A solution here is at least as urgent as maintaining the level of defense material.

Gustafsson on Career, Goals

Stockholm DAGENS NYHETER in Swedish 16 Dec 85 p 20

[Article by Peter Bratt: "Competition With Industry an Acute Problem for New OB: We Must Close the Gaps in the Ranks"]

> [Text] During the war there was an airfield adjacent to a small town in Skane. A little boy could always be found around the hangars. He wanted to be an aviator at any cost. But the dream was not to be. He was rejected at Ljungbyhed. Today Bengt Gustafsson is the oncoming OB, the youngest ever.

"That was a blow from which I had to recover in order to move on."

Bengt Gustafsson said it without smiling, which is unusual because otherwise he is quick to smile and laugh at himself, even about the most serious things.

Perhaps the easy attitude indicates that he does not take himself so terribly seriously. The simple steel watch band on his wristwatch, the spontaneous gestures and the refreshing absence of pomp all point that way.

His father was a blacksmith, but acquired tuberculosis and reeducated himself as a radio technician. Bengt Gustafsson took a practical lower certificate examination, which was about like leaving elementary school to enter a technical vocational career. He had no plans to attend college or university, because of course he was going to be a military pilot.

But after he was eliminated he worked in road building, and when he was called up it was to the engineer troops.

"They wanted me to stay and become an officer. My education was of course not sufficient to be a civil engineer. In the military one's education is paid for."

That is how the son of a blacksmith from Hastveda is now going to be the OB starting 1 October next year.

Acute Problem

That is one of the most acute problems which he as OB will have to deal with. Young officers with expensive training are being hired away by private industry. That is leading to serious gaps in the defense.

Today there are four levels of the Defense Decision 1987, of which the present OB prefers the highest. What will happen if the government selects the lowest?

"It is not possible to have a high technology defense which is also personnel intensive. It is either at the expense of the personnel side and the general conscription, or else it will also hit the material side.

"If the cuts are made on the material side the result will be that the ground troops can not carry out their mission, or that we cannot maintain our air defense or expand our antisubmarine capability," said Bengt Gustafsson.

He believes, however, that he can get the government to take another route, he said smiling.

Upper Norrland

Today Gustafsson is commander of the Military District of Upper Norrland.

The "Pentagon" is in Boden in a modern triangular building. It is surrounded by pretty old regimental buildings with new facades of ochre illuninated in the darkness. All around is the low, monotonous taiga landscape. Along the banks of the Lulea River there are a few skiffs, abandoned in the snow and ice.

All military analysis indicates that at the start of a war Sweden will be threatened primarily by an invasion from the east. The reason is that the Soviets, in order to protect their submarines in the Barents Sea, must prevent NATO from holding airfields in Norway.

The Russians would therefore come through Sweden in order to take Norway. But is that really possible overland? The Soviets have a total of 70 divisions. In Swedish wargames there are examples of inputs from the east of 15 to 20 divisions. Is that realistic?

Swedish military officers will not speak publicly in numbers about the different threats. But the well-known American strategist Steven Canby, who is well acquainted with Swedish defenses, told DAGENS NYHETER that a Soviet ground attack to take Norway is as good as excluded.

He definitely believes that the Soviets lack sufficient specialized forces for the task. The input would have to be unreasonably large. From the NATO viewpoint the credibility of Swedish neutrality depends primarily on the ability to prevent the Russians from using Swedish airspace, according to Canby.

Resist

Bengt Gustafsson believes that a mobilized Swedish defense in Upper Norrland has very good prospects of resisting an attack from the east.

"I agree with him that with ground units in place it is primarily aircraft violations that we must be on guard against, but they can also come from the west.

"And I believe it is important to make it clear to the rest of the world that we intend to shoot in whatever direction they may come from."

But then is not the debate about the defense a bit slanted today? Steven Canby believes that Swedish defenses are so strong that the Soviets could hardly manage to go through Norrland in the event of a world war, even if they tried.

Is it not true that Swedish weaknesses are overemphasized, and that Soviet capabilities are exaggerated? Would it not be better to say that our defense is better than most, including our conscripts?

"It is a problem that I have faced in discussions with conscripts. Because we are talking about the situation today. The debaters in Stockholm are talking about the 90's, and what our relations with the rest of the world will look like then, but many times the readers do not understand this.

"I believe that there is a chasm between today's situation and the debate. We must find a way to explain this to the public," said Bengt Gustafsson.

Threat From the East

How would he interpret the threat from the east?

"The Soviets appear to have a great need for security. Since the war they have built up a security zone outside sacred Russian territory. That is the situation in East Europe. Another thing is the confidence-filled relations with neutral Finland, which is manifested by friendship and aid agreements.

"Here the Baltic also enters the picture, for example by the Soviet desire to keep out nonriparian states."

Should the submarine incidents be interpreted as part of an attempt to frighten Sweden and establish control over the Baltic?

"No, I don't see it that way. I can find no reasonable explanation. We of course intend to remain neutral in a conflict between the blocs. There is no reason to influence us further."

Then what does he say about the ongoing submarine debate. Does our future OB believe in the submarines?

"As to U-137, I have not seen any of the secret information about it, as I have had no need to know. I think it is clear that the submarine was intentionally operating in the area.

"Concerning Harsfjarden, one must have sufficient confidence in Sven Andersson (chairman of the Submarine Commission and former defense minister) to believe that he could not have been misled or based his judgments on insufficient evidence."

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CSO:3650/88

CONSERVATIVE PARTY CHAIRMAN OF DEFENSE COMMITTEE STIRS DEBATE

Stockholm DAGENS NYHETER in Swedish 24 Dec 85 p 6

[Article by Anders Ohman: "Senior Conservative Will Strengthen Defense--Weapons Instead of Day Care"]

> [Text] The defense can be strengthened at the expense of child care and transportation service for disabled persons. That is the opinion of Lennart Blom (Conservative), new chairman of the Riksdag Defense Committee. "It is entirely wrong to play off defense against social reforms," said Bengt Lindqvist, acting social affairs minister.

The new chairman of the Defense Committee, Lennart Blom, suggested in an interview in the latest issue of CIVILA FORSVARSTIDNINGEN that if the state contribution to child care were reduced, money would be released for defense.

Previously he responded in this way to a question of whether Sweden has a strong defense: "No, it is far from satisfactory. It is necessary to see to it that defensive strength is fairly decent in all areas. Defense's share of the GNP has of course sunk continuously, while defense material has become more expensive.

"This development must be stopped. There is a risk that confidence in our alliance-free policy will be undermined if our defense is not strengthened," said Lennart Blom.

To the question, "Where will the money come from then?" he replied:

"With the existing poor state of the national finances, it must come from savings. One area is the national contribution to the colossally expensive public child care."

In the interview Lennart Blom expressed the hope that Swedes, as one of the world's most well-off populations, understand that they must pay a price to insure neutrality. An insurance premium which is too low gives too little insurance protection, he said.

Large Amounts

"The country must economize on its contributions to the municipalities. Child care and transportation for the handicapped are the largest amounts. The municipalities must themselves decide about child care and transportation for the handicapped," said Lennart Blom to DAGENS NYHETER, and he pointed out that this is a known Conservative Party viewpoint.

Lennart Blom considers it logical to name these two amounts in discussing how to get more resources for defense.

"It is important and necessary to acquire resources to strengthen the defense, Lennart Blom said to DAGENS NYHETER.

"This is an example of traditional Conservative politics," commented Bengt Lindqvist, acting social minister. "It is wrong in principle to play off defense questions against social reforms. It was through the avoidance of such games and comparisons that Sweden created its welfare state. Social reforms are anchored in a broad political base."

Bengt Lindqvist says he understands why the Swedish people are concerned about the national security, against the background of the submarine violations and the ongoing debate.

"Defense zealots have not hesitated to utilize that debate," said Bengt Lindqvist.

He stated that the Riksdag decided to expand child care to include full coverage until 1991. That means all children have the right to preschool.

To take away the state contribution to transportation service for disabled persons would be a hard blow to the handicapped, who would lose the independence which freedom of movement has created.

The social minister said that he is for a strong defense, appropriate to the security policy situation in which Sweden finds itself.

"I cannot say where we will finally arrive in this analysis, or how much money this will cost," said Bengt Lindqvist.

Liberal Party Says No

Daniel Tarschys, MP for the Liberal Party and chairman of the Social Committee told DAGENS NYHETER:

"We are also concerned about defense, but we cannot agree with the idea that it be strengthened at the expense of child care."

The Liberal Party supports the Riksdag decision to expand child care to "full coverage of the demand." The party will discuss the financing of defense when the government's budget bill arrives in January.

Liberal Party leader Bengt Westerberg said in Boden one month ago that the party is favorable to the higher part of the four economic alternatives in OB 85, which will be the basis for the 1987 Defense Decision.

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CSO:3650/98

EXPERT PREDICTS ECONOMIC DOWNTURN IN LATE 1986

Vienna PROFIL in German 25 Nov 85 pp 36, 40

[Interview with Helmut Kramer, chief of the Institute of Economic Research, by Liselotte Palme, on economic forecasts and National Council elections; date and place not specified: "1987 Won't Be a Super Year"]

[Text] Palme: It is said that whether the next National Council election will take place in the spring of 1987 or will be held earlier, depends largely on how Kurt Steyrer will do in the presidential election. In reality, another factor probably is of even greater importance in the internal government considerations regarding the election date: the assessment of the economic situation. When will the economic boom stop? If one must count on the number of unemployed exploding in the pre-election winter of 1986-87, if an economic decline is predicted for this very period, then the government will naturally be interested in moving the elections forward. What do the economic researchers say when the government confronts them with this question?

Kramer: The government is not in the habit of asking the Institute of Economic Research when to set the election date. But apart from the question of the election date: at the moment, it is very, very difficult to assess the economic development in 1987. There are too many factors involved which cannot be judged today.

Palme: From today's viewpoint, what would you consider the most probable development? After all, in 6 or 7 months the government will have to start considering its election budget.

Kramer: If I were finance minister, I would not assume that 1987 will be an economic super year. I should think that, from today's viewpoint, those forecasts are the most plausible which predict economic deterioration for the end of 1986 and the beginning of 1987. At that time, a gradual weakening tendency in the labor market might show up.

Palme: That means that elections in the spring of 1987, depending on the economic climate, could become a shaky affair for the SPOe.

Kramer: The labor market situation will certainly be of some political interest.

Palme: You say: weakening tendencies in the pre-election winter will probably show up in the labor market. Does that mean that you are expecting an earlier decline in other economic indices, such as investment, exports, etc.?

Kramer: It is really impossible, from today's perspective, to predict whether it is a decline, or a weakening. But I do believe that a drop in investment activities by about the middle of next year is rather probable. This would mean that the labor market would not react significantly before the spring of 1987.

Palme: So the election date might just work out as far as the economic boom is concerned. If the government is optimistic, it will risk it; if it is pessimistic, it won't.

Kramer: It could work up to the elections. But, so far, we have only looked at the situation in the labor market. That the 1987 economy will not be better than in 1986, that also means something with regard to budget policy considerations. If it is more or less pre-programmed that 1987 will bring a lowering of income taxes and if, on the other hand, economic activity weakens, which has an automatic effect on the national budget, then it would infer a renewed significant upward jump of the budget deficit problem. Of course, there arises the question whether this prospect means anything to the population, politically. In any case, it means that the budget picture in 1987 will be much more difficult than in 1986.

Palme: A recommendation to the government: play it safe, and have elections in the fall of 1986, before the budget speech?

Kramer: I am neither a politician nor a government adviser. I am an economics researcher.

Palme: What is of primary importance if something happens to the economy?

Kramer: The present international economic situation is characterized by great imbalance: the large industrial countries have not sufficiently coordinated their economic policy. For example, the traditionally strong orientation of the Germans toward domestic stability--whereby they build up large export surpluses in foreign trade--does not fit at all with the policy of the U.S. government which, in effect, is demand-oriented. The United States not only has an enormous budget deficit, but also a large and fast growing current account deficit. This, in turn, has counter-entries somewhere in the world. Among these counter-entries, German export surpluses are the second largest item. The largest counter-entry is Japan's current account surplus; in third place, after the FRG, come the developing countries which now must also accrue current account surpluses. Incidentally, South America overall already has a surplus. This means that the United States, the richest and also economically strongest country in the world, is at present the largest debtor nation of the world and lives at the expense of much less potent economic partners. This can't go well in the long term. It is now a matter of how to change this global imbalance. And the solution to this problem contains the key questions for assessing future international economic develpment.

Palme: The most common argument heard here, is this: The Americans got caught up in a vicious circle of deficits, while the Germans, and also the Swiss and Dutch, move along the virtuous path of economic policy. They reduced their budget deficits--if they ever had any worth mentioning--and have switched totally to a policy of domestic stability. The economy reacted to it with great investment activity. Why should they, at the request of the Americans with their sinful economic policy, wipe out their successes of stability policy, stimulate home-made growth, and build up new budget deficits? Rather, it is up to the United States to become sounder and to reduce their budget deficit. Jointly one could try to bring down a little further the high dollar exchange rate in the foreign currency exchange markets. The necessary U.S. deficit reduction certainly would mean a slow-down in international growth: this road would hold additional risks for the world economy, at least during a transitional phase, but that has to be accepted. Will this opinion prevail?

Kramer: It gets us nowhere to speak of the "German path of virtue" and the "vicious circles of U.S. deficits." A way out can be found only if both sides adapt. Naturally, the United States must create order in its own house, but on the other hand, there already exists the realization--for instance, it can be seen in the OECD, and a little bit in the IMF--that one should signal the Germans: do something! In domestic policy, step on the accelerator a little, loosen up a bit in budget policy, you can really afford it with your national budget.

Palme: If the Germans changed their course in that direction, then Austria would also enjoy somewhat greater economic security?

Kramer: Yes, although what I said was naturally not meant to refer to Austria. Incidentally, some observers in Germany--and not only those belonging to the Left camp--have the impression that more ought to be done, also on the part of public demand. This attitude comes through in the Board of Experts, the well-known Ifo Institute uses this argument, and so do some others. Still, at present it does not appear that the Kohl government is willing to change course. Finance minister Stoltenberg, who embodies the present course, is considered not only the most successful German politician, but also one of the most popular, competent and best-liked ones. His willingness to risk his credibility through a change of course is probably not very great. It would probably be different if the German government came under strong political pressure so that one would say simply for party reasons, the next parliamentary elections will be lost if we don't switch, rapidly. After the election in North Rhine-Westphalia it almost looked that way[*], but this impression seems to be long gone.

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[*] Not least of all, the SPD won in North Rhine-Westphalia because of topical labor market problems.

Palme: Recently, German ex-chancellor Helmut Schmidt, in an article in the Hamburg paper, DIE ZEIT, directed a fiery appeal to the Kohl government to change course. He writes that budget consolidation has become a fetish; in view of the enormous U.S. budget deficits, Germany has no reason to make the opposite mistake. While the money being saved in the United States is insufficient by far to finance U.S investments and consumption, the German savings rate is far from being utilized fully. Rather, in part it is being used to finance the "wretched foreign trade surpluses," DM 75 billion this year. These foreign trade surpluses are always celebrated as a sign of special German competitiveness; however, in reality they are a "warning of a financial policy violating the equilibrium." If Germany continues on this path, it will reap foreign policy problems vis-a-vis the United States similar to those that happened to the Japanese because of their surplus policy.

Kramer: Meanwhile, under pressure by the United States, Japan has decided to expand domestic demand. Nonetheless, Japan will continue to have a high foreign trade surplus next year. And in Germany, also, it was decided to lower income taxes in two phases. German economic researchers, however, do not assess the effects of this lowering of taxes as very important. I read the Schmidt article, and basically I share his opinion to a large degree, with the exception of one or two objections. For example, one must take a closer look at the German export surpluses, which are heavily dependent on exchange rates, and then it becomes evident that, although exports top imports by more than 500 billion schillings, the German balance of current accounts--which includes not only the flow of goods, but also services and tourist travel--shows a surplus of "only" about 250 billion schillings. The amount is, therefore, not quite so dramatic. But nevertheless: Schmidt expresses an opinion which, as said before, can increasingly be heard in international organizations, also, and in which I largely concur.

Palme: The way it looks right now, no new strong economic "locomotive" will appear anywhere in the world if the U.S. locomotive drops out.

Kramer: We really can't tell yet whether the U.S. one will really drop out completely. Without a doubt, there are realistic forecasts that the U.S. economy is unavoidably heading toward an early recession, while it is quite possible that, next year, there could be one more economic spurt. I believe, however, that European economic activity will not be affected at first, if we only look at 1986. The European economy has developed a certain self-dynamism and is not immediately ready for a recession. As I said before, I am confident that, to about the middle of next year, the European investment economy will carry itself. If, however, U.S. economic activity really collapses and the Europeans do nothing to change their present course, then we will probably really get it in 1987,--the recession.

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CSO: 3620/166

ECONOMIC DENMARK

GOVERNMENT, BUSINESS SEEK INCREASED EXPORTS TO EAST BLOC

Official Comments on Problems

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 6

[Article by Carl Otto Brix]

[Text] A former minister is to 'open up doors' in countries where purchases are decided upon by politicians. The East Bloc countries are interested in a wide range of Danish commodities, but there is an especially great interest in foodstuffs factories, delivered on a turnkey basis.

The state trading countries have become of increasing interest to Danish enterprises, and something is being done about the possibilities existing in China, the Soviet Union and the East-European countries.

Danish enterprises are nearly always in a position to deliver the goods required by the above countries, and, in China, there are young Danish business people who speak the language. That may certainly be called an accomplishment.

Decisions on purchases in the state trading countries are made on the political level, and that is why the committee concerned with trade agreements with these countries was given a political chairman 18 months ago.

It is former Minister Arne Christiansen (Liberal Party), and his task is to open the doors to Danish business people, as well as to handle such problems as may only be handled in ministerial offices, to which politicians and not business people have access.

The Committee for Industrial and Economic Cooperation is concerned with eight of the countries of Comecon, the cooperation organization of the East Bloc. In addition to the Soviet Union, these countries are Poland, the German Democratic Republic, Hungary, Czechoslovakia, Romania, Bulgaria and Cuba. In addition to Comecon, China and Yugoslavia.

A Committee for Each Country

In addition to Arne Christiansen and a representative of the trade department of the Ministry of Foreign Affairs, Danish banks and business organizations are members of the committee, or rather committees, for a committee is set up for the trade with each individual country. The participation on the part of Danish banks is, of course, due to the question of financing terms.

From 1983 to 1985, trade with the state trading countries increased. They now purchase between 2 and 3 percent of total Danish exports, and that, of course, is a modest share of the total volume. Denmark purchases 5 percent of its imports in those countries, but oil from the Soviet Union accounts for the major part of these imports. In terms of money, Danish exports amount to 3 billion kroner and the imports to 8.5 billion kroner. Danish exports to China amount to 755 million kroner and the imports to 1 billion kroner.

"What are the requirements made of Danish exporters on the part of the state trading countries?"

"It takes patience," says Arne Christiansen, "the investigations are thorough, and the decision-making process takes a long time. It may very well take 10-15 years before the efforts pay off. The enterprises have to have their people travel in those countries for a long time. Allow me to add in passing that these business people are treated poorly by the Internal Revenue Department. They ought to be paying some form of seamen's tax, for they are really away from home for a very long time, and that is a heavy burden, both financially and emotionally."

"How does Denmark manage in the said markets?"

"Danish enterprises are always able to deliver the desired goods, but we have, indeed, to be in a leading position, for we are not alone in those markets. Wherever we come, we encounter representatives of other Western countries, the Swedes, for example, are experts in the field of hotels."

Wide Range of Goods

"What kind of goods are in demand in those countries?"

"It is a question of a very wide range of goods. It is gratifying to see, however, that many foodstuffs enterprises, to be delivered on a turnkey basis, are among the things in which those countries are interested. Other items are slaughterhouses, dairies and breweries. Imagine that there is a Danish dairy for 400 million kroner located in the north-eastern part of China. However, among the other goods that they are interested in, I shall mention soil cultivation machinery, grain elevators, electronics, sprays, the semen of bulls; indeed, I could go on mentioning many more fields. I have eaten ice cream in China, made on a Danish ice cream machine."

"What kind of advice would you give to Danish exporters interested in exporting to China?"

"We have to concentrate on geographic areas that we are able to handle and serve 100 percent. We have to chosse selected provinces in China as our special areas of interest, for we shall not be able to handle the entire continent that China really constitutes. The enterprises, moreover, have to be prepared to rearrange their productions to the products that are needed. Danish enterprises most certainly display such flexibility today, but we have to bear in mind constantly that if we are unable to deliver the goods requested, there are others who are anxiously waiting to take over."

Large Trade Deficit

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 7

[Article by Michael Kuttner]

[Text] Only two East Bloc countries import more from Denmark than they export. The Danish government, among others, is making great efforts to remedy this situation.

It is not Eastern Europe that is the most active to help remedy the constantly troubling Danish trade deficit. Only two state trading countries, Albania and Bulgaria, purchase more from us than they sell, and the amounts involved are so small as to hardly make any difference to the troubles of the Danes.

According to the most recent figures of the Danish Department of Statistics for the period from January to September of 1985, all other countries showed surpluses in their foreign trade with Denmark. Both the Soviet Union (2.2 billion kroner as against 903 million kroner) and the German Democratic Republic (1.3 billion kroner as against nearly 289 million kroner) showed extremely large trade surpluses in their trade with Denmark.

There are several reasons. For one thing, most of our imports--certainly from those two countries--consist of oil products, which we need for our domestic industries. For the other, the state trading countries have a chronic need of hard currency, as a result of which they often insist on counterpurchases when placing their orders for imports from the West, and this is a form of trade that Denmark is not enthusiastic about.

Demand to Grow

In general, exports of Western goods to East European markets, including the Soviet Union, have increased slightly this year, while the exports from the East Bloc in the opposite direction have declined. And it appears from a report of the ECE, the United Nations Economic Committee on Europe, covering all European countries as well as the Soviet Union, the United States and Canada, that only a very moderate increase in the East-West trade is expected for 1986.

The report points out, however, that industrial modernization and a possibly higher growth rate within the East Bloc will probably result in an increase in the need for imports up to 1990. At the same time, Western observers report that Eastern Europe is in the process of solving its hard-currency debt burden problem. Western banks are again prepared to lend money to East Bloc countries, and their lending to these countries--except for Poland-- has, indeed, increased considerably in 1985. Such credits will probably soon reach their highest levels since the seventies. It is especially countries such as Hungary, the Soviet Union and the German Democratic Republic that are borrowing money from the West.

The Danish government is exerting strong pressure to have our trade deficit eliminated. The Prime Minister recently paid a visit to Prague, the Minister of Industry to Moscow and Brno and the Minister of Environment to East Berlin. Czechoslovakia has officially promised to increase its purchases in Denmark. Also within the German Democratic Republic there seems to be a willingness to work toward, if not complete equilibrium, at least a more reasonable trade balance than hitherto.

Next spring, Danish Technical Days will be held in the Soviet Union and Czechoslovakia, and the Ministry of Foreign Affairs plans a meeting in Vienna for all of the commercial counsellors--perhaps also ambassadors--from our representations in the East Bloc countries. The meetings will include exchanges of experiences and, no doubt, also discussions with a view to achieving a certain amount of coordination of the diplomatic efforts.

Environment and Energy

Denmark's exports to the state trading countries consist largely of foodstuffs, machinery and chemical products. Major efforts will also be made from the Danish side within the areas of the environment and energy, in which areas we have had good experience due to our strict laws.

East-West trade experts in Vienna, however, tell BERLINGSKE TIDENDE that Denmark should not have too high expectations within the area of environment exports. On account of the political system, there is literally no pressure from the public. Unlike the situation in the West, there is no 'green wave' in the East Bloc countries, and, for this reason, technology for improvement of the environment is given very low priority--even if, for example, the ruthless exploitation of forests in the German Democratic Republic and Czechoslovakia is at least as serious as that taking place within West Germany.

Energy saving measures, on the other hand, are far more popular. Several East Bloc countries are even prepared to pay in hard currency, when it comes to equipment that will reduce energy waste within the industrial sectors manufacturing products for export to the West.

Poland and Albania

Finally, there are border areas which may be worth looking into. Poland, for example, is still in economic difficulties, from which it will take it decades to extricate itself. This nearby market, however, has started again to purchase necessary machinery, spare parts and foodstuffs--admittedly, to a modest degree, but payments are often made in cash in Western currencies to avoid any further strains on the country's creditworthiness. Denmark's export to Poland did, indeed, amount to 771 million kroner during the first 9 months of 1985, as against 427 million kroner during the same period of 1984. (The imports, mainly consisting of coal, remained fairly constant, at 1.3 billion kroner.)

In the entire periphery is Albania, Europe's most closed country, to which Denmark, last year, exported goods worth 6.8 million kroner as against an import of only 876,000 kroner. Here, Western observers expect the death last summer of Enver Hoxha, the Stalinist leader for many years, to lead to a cautious opening, also as far as trade is concerned, toward the West.

International Trade

Albania has a relatively sound economy and will hardly want to become too heavily indebted to capitalist countries. "However, 12 years ago, I started familiarizing the Albanians with the system of counterpurchases," a counter purchase experts in Vienna says. "It has taken more than a decade, but there are now signs that they are ready." During the first 8 months of 1985 alone, Austria exported for 50 million kroner to Albania--an increase of 67.5 percent over the same period of last year.

Soviets Interested in Technology

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 7

[Article by 'Elle': "Close Contact to the Soviet Union via Technical Fair"]

[Text] Together with the Danish Embassy in Moscow, the Federation of Danish Industries and the Ministry of Foreign Affairs are arranging a technical fair to take place in the Soviet Union in May of 1986. The fair will provide a good opportunity to get in close contact with leading Soviet officials.

The hitherto largest and most important event concerning the possibilities of the Danish trades and industries in the Soviet market will take place during the period of 12-16 May 1986, when the Federation of Danish Industries, in cooperation with the Ministry of Foreign Affairs and the Danish Embassy in Moscow will arrange a technical fair in Moscow and, concurrently with it, a symposium.

The fair, which has been entitled "Danish Technical Days," is a repetition of a corresponding exhibition a couple of years ago, but, with the participation of 55 Danish firms, the event will be the hitherto largest export drive in the Soviet Union.

"Previous events of this nature have given good results, and there is every indication that the fair to be held in May will become exciting. Several of the firms have participated in the fair previously, but there are quite a few newcomers," says the coordinator of the project, Niels Netterstrøm, department chief, of the Federation of Danish Industries.

"The Danish Technical Days will be a good help to us in our efforts to get into the Soviet market, as it provides an opportunity for the Danish firms to talk to people at the fair with whom it normally is difficult to get into contact. The Danish Technical Days will be arranged in cooperation with GKNT, the Russian State Committee for Science and Technology, which has contacts to the right ministers and leading officials. The event will thus carry the stamp of an official or semiofficial export drive, which will give it the most impetus."

In connection with the fair, a symposium will be arranged pari passu with it, where the Danish firms may provide the invited Russian guests with information on their products and thus attract the attention to them.

Foreign Ministry Advises

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 8

[Article by Henrik Skov]

[Text] Denmark is still exporting very little to the so-called state trading countries, even if 1985 so far has surprised the country with large increases in our exports. For example, we export more to 230,000 Icelanders than we do to 1.1 billion Chinese. A change, however, is vaguely visible on the horizon, and the Ministry of Foreign Affairs points out that the Danish agricultural industry, in particular, may contribute to increasing Danish exports.

Denmark's trade with the so-called state trading countries has been very good this year. The export during the 10 first months of the year increased by well over 23 percent, while the import actually dropped by 1.6 percent. This is a very surprising reversal in view of the fact that, during the last 3 years, Danish imports have increased at a considerably faster rate than the exports to those countries. However, it does, indeed, take an enormous increase in the exports to stem the rapidly growing deficit of the Danish trade with the East Bloc countries.

Until October of this year, the trade deficit with the state trading countries amounted to well over 4.1 billion kroner. The situation was no better during the preceding years. The trade deficit in 1984 amounted to 5.7 billion kroner, and 1983 saw a trade deficit of 4.1 billion kroner. These are big figures, and it is only this year that there have been positive signs of a reversal of the situation.

Bent Haakonsen, head of the trade department of the Ministry of Foreign Affairs, takes an optimistic view of the future for Danish exports to these markets.

"There are good possibilities for Danish exports, and I want especially to stress areas such as the agricultural industry in the broadest sense and modern technology in all of its ramifications. In these areas, we have clear indications in the said markets that Danish exports may be expanded considerably," Bent Haakonsen says.

International Trade

A Mixed Group

The countries included in the group of state trading countries differ greatly from one another. They are, on the one hand, the large countries with rich raw material resources--the Soviet Union with oil, gas, coal, gold and diamonds and China with coal, oil and many other raw materials, and, on the other hand, there are the fairly small East European countries which are dependent, first and foremost, on the Soviet Union for raw materials and energy. Raw materials of the types referred to above mean possibilities of earning convertible foreign currency by way of export, which, for example, gives possibilities of financing imports from Denmark.

Even if it is a question of large and unpleasant deficits in our trade with these countries, it is a question of small numbers in the total export/import picture. Our export to the state trading countries amounted to well over 2 percent of the total Danish export in 1984, and the import accounted for nearly 6 percent of the total Danish import.

By comparison, the EC's export to Eastern Europe and the Soviet Union constitutes 6.1 percent of the total export, and, in actual practice, it has also appeared that other EC countries, especially West Germany and France, are far more aggressive in their sales efforts and are working the market more regularly and frequently than Danish enterprises.

Not Easy to Get a Foothold

The Ministry of Foreign Affairs does not intend to induce Danish enterprises to believe that it is easy to export to the state trading countries.

"It has never been easy securing a foothold in the markets of the state trading countries, and, unfortunately, I do not believe that, in general, it will be easier in the future," Bent Haakonsen, head of the trade department of the Ministry of Foreign Affairs, tells BERLINGSKE TIDENDE.

Denmark has quite clearly noticed the general trend in the East-West trade, which is a result of the efforts on the part of the East European countries to get out of their debt difficulties. They seek to increase their export, while their import is limited as much as possible. One of the countries most conspicuous in this context is the German Democratic Republic. With a view to being able to meet outstanding liabilities, the German Democratic Republic has been pursuing an extremely restrictive import policy throughout the first half of the eighties.

This is most clearly reflected in Denmark's trade balance with East Germany. In 1984, the deficit on our trade with East Germany amounted to as much as 1.5 billion kroner, and, in the course of the first 10 months of this year, the deficit has reached well over 1.1 billion kroner. The import was moderate and amounted to 1.5 billion kroner, and the export was lagging far behind, the total export amounting to only 300 million kroner.

According to Bent Haakonsen, this is an entirely untenable situation. "It is a too skew development in such a modest trade, and it is a development which we cannot accept on the long view. The Ministry of Foreign Affairs has, indeed, on several occasions drawn the attention of the German Democratic Republic to this skewness, so we hope that things will soon start moving," Bent Haakonsen states.

Counterpurchases

Another problem is that Danish enterprises are often confronted with demands for counterpurchases in order for the trade to take place. "Counterpurchases naturally pose a problem, but I have gradually come to believe that the more than 300 Danish enterprises trading with these countries have gradually come to put up with this state of affairs. We naturally endeavor to achieve free trade, but if that is not possible, we have to see to it that the inconveniences are minimized," Bent Haakonsen points out, adding that consultations in this area have improved considerably of recent years.

The Federation of Danish Industries and the Commercial Bank have actually set up counterpurchase offices where enterprises may get advice and suggestions. The Ministry of Foreign Affairs also makes extensive efforts in this area. The second office of the trade department deals exclusively with the state trading countries.

In this context, Bent Haakonsen stresses the importance of Denmark showing the flag in the various markets.

"In addition to the assistance granted by our embassies in the state trading countries, we spend a good deal of resources on meetings in the mixed commissions, which are necessary from a political as well as a commercial point of view. In addition to visits by ministers, the mixed commissions are our most important direct means of contact with the authorities of these countries in the economic area, seeing that our trade policy is being safeguarded by the EC," Bent Haakonsen says.

Soviets Willing to Buy More

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 8

[Commentary by Preben L. Hoffmann, the Federation of Danish Industries: "Modernize or Die"]

[Text] The Soviet Union is in the process of modernizing its production, and the country is compelled to import goods from the West. The Federation of Danish Industries has started a campaign intended to induce more Danish exporters to take an interest in the Soviet market. So far, 92 enterprises have come forward, and the Federation of Danish Industries expects a considerable improvement in our export in 1986. Our total export to the East Bloc countries should preferably increase by 500 million kroner in 1986.

Party chief Gorbachev's modernization program aims at doubling the industrial production in the course of the next 15 years. In order for the industrial production to be doubled, an annual growth rate of 4-4.5 percent each year will be necessary. During the last decade, the growth rate, however, has only has only amounted to approximately 2.5 percent.

The objective may alone be achieved by way of a radical reorganization of the industrial sector, and many people doubt its feasibility, but, as one West German observer put it: "They have to modernize or they will die." There is no alternative to modernization in order for industry, as desired by Gorbachev, to keep up with the West.

The reorganization is to be effected by way of an increase in productivity. The products have to become better. Waste is to be reduced, and the super centralized and ineffective planning system is to become streamlined.

A first step has been combining ministries and organizations within the agricultural sector into one new state-run agricultural industry committee, the Gosaprogrom.

In order for the modernization to take place at the desired rate, the Soviet Union will have to import more equipment from the West, and, in this context, new possibilities will be opened for Danish exporters of capital equipment. The Russians are planning fewer prestige projects and want to concentrate more on their light industry.

Gorbachev wants to spend more money on equipment. Today, 40 percent of the investments are spent on equipment and 60 percent on building construction, whereas equipment in the West accounts for 65 percent of the investments. He also wants to distribute new equipment to existing enterprises and, not as now, merely to new enterprises.

This quite new orientation will benefit Danish exporters because it is easier for us to deliver the things which will now be needed.

The Russians naturally want equipment which may improve the quality of their industrial production both of consumer goods and components for other sectors, and we intend to make an effort to get a foothold here. So far, however, we have had most success in our initial efforts within the agricultural sector, and we have to exploit this opportunity.

East Bloc Paradox

It has been our earlier experience that when things go badly within the East Bloc, there is an increase in the export from the West of machinery and equipment. This East Bloc paradox has, for example, been confirmed in the case of Poland, where the Danish export of machinery and equipment has risen sharply in 1985.

Several of the East Bloc countries find themselves in this situation. The new 5-year plans, not only in the Soviet Union but also in the other East Bloc countries, are expected to be based on imported technology for modernization of the industrial sectors. This opens up new perspectives for Danish export.

Initial Export Campaign

Another reason for making a greater effort within the East Bloc is our trade deficit.

In 1984, our purchases from the Soviet Union amounted to 3.4 billion kroner and our sales amounted to 1.2 billion kroner. The Russians, however, have stated their willigness to reduce the deficit by purchasing more from Denmark. We have thus got 2.2 billion kroner worth of exports to be caught up with.

The Federation of Danish Industries is working on an initial Soviet export campaign. Its purpose is to introduce more enterprises into the Soviet market. The enterprises which today are selling goods to the Soviet Union cannot, in general,expand their export to the extent needed to eliminate the Danish trade deficit with the Soviet Union.

So far, 92 new exporters have shown their interest. In cooperation with the Danish Embassy in Moscow, the Federation of Danish Industries will now discuss with the Russians which of the enterprises concerned will be in a position to deliver some of the things they need. When the result of these discussions is available, the Federation of Danish Industries will acquaint the enterprises concerned with the principles of trade with the East Bloc countries and uncover pitfalls, which is important to avoid problems, Preben Hoffmann points out.

In the third phase, the Federation of Danish Industries will take the various enterprises to Moscow for direct discussions with the Russians of the possibilities of cooperation.

Our aim is for these new activities to contribute to increasing our export by 2-300 million kroner in the course of 1986. The total export in 1986 should preferably be close to 2 billion kroner as against the approximately 1.5 billion kroner expected by the end of 1985 in a week's time.

GDR Trade Problems Outlined

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 10

[Article by Michael Kuttner]

[Text] It is a question of profits for both sides, it is said in East Berlin, which would like to help to bring equilibrium to the trade balance between Denmark and the German Democratic Republic.

East Berlin

The building located at 42-44 Unter den Linden, the most prestigious street of the capital of the German Democratic Republic, where tourists from the West are shown the blessings of socialism, may be referred to as the profit center of the East Germans. Its correct name, however, is the Ministry of Foreign Trade, and correctness is a virtue in the German Democratic Republic--even more so than in the Federal Republic, the other Germany.

Here, the strategy is decided upon for the trade of the German Democratic Republic with foreign countries. It is friendly, but also shrewd people who, in an entirely western fashion,are buying and selling--willingly, for the benefit of their Treasury, which is hungering for the hard currency of the West.

"It is a question of profits, both to you and to us," a spokesman for the ministry admits to BERLINGSKE TIDENDE.

Belgian Intermediary

In the trade with Denmark, it is the German Democratic Republic that gets the largest total profit. Last year, the East Germans exported for 1.8 billion kroner but purchased for close to 339 million kroner from us.

Denmark has exerted great pressure to achieve a better balance--and following several mutual ministerial visits and thorough legwork on the part of Danish enterprises and the Danish Embassy in East Berlin, the authorities of the German Democratic Republic have come to realize that something will have to be done.

The spokesman of the Foreign Trade Ministry of the German Democratic Republic states, "However, more than two-thirds of our total export to Denmark consist of mineral oil products which we do not at all sell to you but to a Belgian intermediary. From there, the products pass on, to a large extent, to Denmark. Things like that are difficult to control, and the only reason why we have success with our goods is probably that we are competitive. The Danes, no doubt, do not mind that."

More Flexible

"On the other hand, we are entirely prepared to increase our purchases in Denmark--not least because you have much to offer. I have especially in mind your engineering industry, but there are also great possibilities within, for example, the area of fishmeal. So far, we have been committed to purchasing fishmeal from Peru. It is true that it had a lower content of protein and, therefore, was not as good as Danish fishmeal, but our machinery was designed for Peruvian fishmeal. We are now more flexible."

Niro Atomizer

"We shall like to use the Danish shipyards for the repairs of our ships. However, eleven out of twelve of our inquiries are rejected. That is unsatisfactory for either party."

So far, Denmark has not been in a position to manifest itself in connection with large construction projects in the German Democratic Republic. Hotel construction projects, for example, have largely been given to Swedish and Japanese companies. "We should like to include Denmark as well," the spokesman says. "It is, however, a condition for awarding contracts to Denmark that Danish bids will be able to hold their own in the competition. Nobody will, of course, be willing to purchase at a higher price than necessary."

"Danish firms, moreover, will have to be slightly more alert. Often, we have to pressure Danish firms to submit their bids," the spokesman says.

Several East German officials point to Niro Atomizer as "one of the serious Danish enterprises with which we should like to do business." Niro Atomizer has been discussed in connection with a large-scale program for desulphurization of lignite--the German Democratic Republic is one of the largest lignite producers of the world, which causes enormous environmental problems, which they are now seeking to solve.

"We are quite familiar with Niro Atomizer," several high-ranking East Germans state. In Berlin alone, they have delivered three plants. They function well, are competitive, as far as prices are concerned, and are backed up by a good service organization.

Conservatism

Danish commercial sources point out to BERLINGSKE TIDENDE that the East Germans are marked by a certain amount of conservatism when it comes to making purchases abroad. "There are certain advantages to it--they are, for example, extremely loyal once one has gained their confidence. However, new, rather unknown enterprises may have difficulty getting into the market. East German government officials are afraid to make mistakes. They choose the well-known, the safe firms."

International Trade

On the other hand, the East Germans are 100 percent reliable. "An agreement is an agreement, and payment is made exactly as laid down in the contract. It is German thoroughness at its best."

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ECONOMIC DENMARK

OECD REPORT REINFORCES FORECASTS OF CONTINUING 'MIRACLE'

GNP Growth 3.5 Percent

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 4

[Article by Kermit Norlund; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Brussels--The economic miracle is continuing but the OECD economists predict a dramatic deterioration in the balance of payments. In 6 months the OECD experts doubled their estimate of the 1986 deficit.

The small economic miracle in Denmark is continuing. There will be record growth in 1986, the inflation rate will be the lowest in more than 20 years and unemployment will decline in 1986, say the OECD economic experts in their latest economic survey. But the OECD experts have radically changed their view of the Danish balance of payments deficit. In just 6 months the international organization has doubled its estimate of the 1986 deficit from around 10 billion kroner to 20 billion kroner.

According to the new report, Denmark, Australia and Japan will have the most growth in 1986 in the industrialized part of the world. Denmark and Japan will have an economic growth rate of 3.5 percent while Australia will have a rate of more than 4 percent. The Danish growth rate is higher than that predicted for countries like the United States and West Germany and it is more than 1 percentage point higher than the average for OECD countries in Europe.

Unemployment

The decline in unemployment in Denmark over the past several years will probably continue, according to the report. Next year it will decline by another 10,000 from the 1985 level, which will put it at 240,000, corresponding to a rate of 8 3/4 percent, according to the report.

However the OECD report was prepared before the "Christmas intervention" and the drop in unemployment could be "swallowed up" as a result of the economic adjustment.

The general tendency in employment in Europe and in the OECD countries as a whole indicates a stabilization of the unemployment ratio resulting in a slight increase in the number of people unemployed. But there are major exceptions, such as the United States, West Germany and Great Britain.

Consumer prices will rise by 2 3/4 percent next year, a decline of almost 2 percent compared to this year. Thus inflation will be below the OECD average of 4.5 percent and far below the European average of 6 1/4 percent. Denmark has not had such a low increase in consumer prices for several decades. But the Danish inflation rate will be higher than rates in countries like West Germany and Japan with 1 1/4 and 1.5 percent respectively.

Wage Trends

Wage trends in Denmark are expected to decline 0.5 percent from 4 1/4 percent in 1985 to 3 3/4 percent in 1986. That bodes well for our competitiveness, because countries like Great Britain, Japan, Sweden and France will have higher wage increases while we will be in line with countries like West Germany and the United States.

The OECD average will be 4.5 percent in 1986 while the European average will be around 5 3/4 percent. But the OECD experts warned Denmark that there could be bigger wage increases in some parts of the labor market as a result of a shortage of qualified workers.

Balance of Payments the Dark Spot

But the balance of payments is the dark spot on the horizong, according to the economists in Paris.

A 1986 deficit of 20 billion kroner or $2.25 billion is predicted. But BERLINGSKE TIDENDE was told that the decline in the dollar and decreasing oil prices will reduce the deficit by a good 2 billion kroner for a 1986 level of 18 billion.

OECD anticipates a 1985 deficit of at least 18 billion kroner which is almost twice as much as the May OECD forecast.

As mentioned above the effects of the economic intervention were not included in the semiannual forecast, but along with the declining dollar and lower oil prices the changes involve an improvement in real wages and an absorption of extra buying power. Therefore it is thought that the result could be exactly the same as the current figure.

The section on Denmark says that economic activity increased dramatically during the second half of 1985 after a temporary slump due to labor conflicts and a weaker international demand than anticipated. It points out that business investments have again increased substantially and that housing construction is picking up once more.

With private consumption still rising at a rate of around 2.5 percent, total imports have risen sharply while exports were adversely affected by the strikes this spring, according to OECD. It is against this background that market shares were lost in 1985 and the impact of real net exports on growth is expected to be negative for 1985. But there is a chance that the impact will be positive in 1986, with exports exceeding imports.

A slight moderation in imports in 1986 will depend primarily on increased competitiveness in the sector that competes with imported products.

The budget deficit is expected to decline even more in 1986 while the Danish interest rate level will continue to drop slightly in line with the international decline in interest rates.

Conforms With Danish Forecasts

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 4

[Article by Hugo Garden and Olav Hergel; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] OECD is predicting a higher balance of payments deficit than Danish economists anticipate. An economist associated with the Labor Movement's Economic Advisory Council called the report a sober one.

The OECD report is generally in line with views expressed by Danish economists recently. But economists note that the OECD prepared its report before the Christmas intervention so that some estimates must be adjusted.

There are a number of clear improvements in the Danish economy but some massive problems remain, such as the balance of payments and unemployment. Finance Ministry economists say the estimated growth rate of 3.5 percent for next year must be reduced slightly. The government estimate is 3 percent. Before the intervention the Council of Economic Advisers predicted a growth rate of 3.4 percent.

With regard to the balance of payments, unemployment, wage costs and inflation, the OECD report is in general agreement with the estimates of the Council of Economic Advisers when the Christmas intervention is taken into account, according to one of the economic advisers, Professor Ebbe Yndgaard of Arhus University.

He stressed two things, investments and exports. The economic advisers issued a lower growth forecast for business investments next year, 6.4 percent, than other economists, including those working for the government. OECD would not release this figure but sources say that its estimate was somewhat higher. OECD predicts that total investments, both private and public, will increase by 9 percent.

The economic advisers predicted that exports would rise by 3.5 percent--before and after the intervention--while OECD is predicting 4.5 percent and the government estimate is 5 3/4 percent. The economic advisers estimate that imports will rise by 3.7 percent compared to the OECD forecast of 5 3/4 percent and the government prediction of 4.5 percent.

"There is a disagreement here. But because our levels for both exports and imports are lower this is also part of the reason why OECD sets the balance of payments deficit several billion kroner higher than we do," said Yndgaard.

The Labor Movement's Economic Advisory Council said that the OECD estimate of the balance of payments deficit is too high when it predicts a deficit of around 20 billion kroner in 1986. The Industrial Council's estimate is around 15 billion, the economic advisers put it at 14-15 billion and the government estimate is 16 billion kroner.

There are three reasons for the discrepancy. In the first place OECD anticipates a somewhat higher exchange rate for the dollar next year than Danish economists expect. In the second place the OECD calculations were made before the Christmas intervention and thirdly, OECD still expects Denmark to experience a sharp increase in private investments, which would result in a larger deficit in the balance of payments.

"We think the Christmas intervention will have an impact of 2-3 billion kroner in 1986, so we do not believe private investments will go that high. This level has been quite high for several years and it will level off, while energy investments will decline," said Industrial Council office chief Verner Puggaard. The Industrial Council is in general agreement with OECD with regard to the other items in the report.

An economist with the Labor Movement's Economic Advisory Council, Carsten Koch, was surprised by the high figure for the balance of payments deficit, but otherwise he found the report very realistic.

"It is sober and does not spend as much time patting the government on the back as earlier reports did," said Carsten Koch.

Prime Minister Comments

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 5

[Article by Ole Dall; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] "All in all I think the OECD report gave Denmark very high marks," said Prime Minister Poul Schluter (Conservative). Svend Auken (Social Democrat) said the OECD economists are too optimistic and called the balance of payments the "big joker."

"I have noted that in several places in the general section Denmark is cited as an example of how to reverse an unfortunate economic trend. In contrast to a number of other OECD countries we have managed to cut unemployment substantially and reduce the deficit in the public sector. All in all I think the OECD report gave Denmark very high marks."

These were the comments made by Prime Minister Poul Schluter (Conservative) on the latest OECD report's description of the economic situation in Denmark.

The prime minister also had this to say about the report:

"OECD's assessment of the economic situation in Denmark and developments in 1986 was made before the adjustments in economic policy were made in connection with the 1986 budget. If we also take into account the fact that OECD based its calculations on a dollar exchange rate of 9.46 in 1986--while the government economists estimate that it will be 9.25--the OECD estimate is very close to the government's own forecast."

Balance of Payments the Joker

It is no surprise that Social Democratic political spokesman Svend Auken has a different view of the matter:

"It is still a little too early to say how the government's intervention will affect the prospects for the Danish economy. My immediate reaction is that the OECD economists are a little too optimistic in their view of consumer prices and unemployment. The Council of Economic Advisers predicts rising unemployment next year," said Svend Auken, who added:

"Of course the balance of payments is the big joker. The Christmas intervention and the declining exchange rate of the dollar will have a positive impact on the balance of payments. But there are other factors working in the opposite direction. As a result of declining sales we can expect a substantially poorer 'shipping balance' next year--and consumption is increasing sharply. I think we will have a deficit of around 20 billion kroner next year and then the government will have to intervene again, unfortunately."

Svend Auken said of the impressive OECD figures for growth in Denmark:

"The growth rate looks good if we can afford it. It is a good thing that consumption and production are rising sharply in Denmark. The question is whether there is an economic basis for it. That is what I have doubts about."

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TALKS ON STEEL PLANT COOPERATION WITH USSR FAIL

Soviet Trade Official Visits

Reykjavik MORGUNBLADID in Icelandic 30 Oct 85 p 2

[Excerpts] According to MORGUNBLADID's sources, plans for the Stalfelagid Steel Plant have changed considerably since the Soviets have come into the picture. This is because the Soviets have shown themselves ready to agree to purchase production of the steel plant above domestic needs. Thus discussion now involves building a 100,000-150,000-ton steel plant and soliciting a total of 500 million kronur of capital.

Boris Umanskiy, Soviet trade representative in Iceland, said that it could not be said at this stage what Soviet participation in the steel products plant would entail. It will emerge in a meeting tomorrow what Stalfelagid, Inc. thinks about the prospect of a connection with Moscow. Persons attending the meeting will report on what will take place there tomorrow. Umanskiy said, however, that he thought that the Soviet Union was interested in investing in the company since such a company could prove very profitable. "We think that it makes sense to build such a plant in Iceland, especially in view of the fact that Iceland has a great surplus of energy," said Umanskiy.

Umanskiy said that Soviet experience in steel production could be of use to Iceland, although the Soviet experience has only been with much larger plants than that proposed. But he felt that the 100,000-150,000-ton size planned was correct. Asked whether or not the Soviets had proposals to offer concerning other investment in Iceland, Umanskiy said: "That may well be the case--why not? We might, for example, have interest in selling equipment to Burfell Inc, if the decision is made to expand the Burfell plant."

Paper Opposes Plan

Reykjavik MORGUNBLADID in Icelandic 31 Oct 30 p 30

[Editorial: "The Soviets and Stalfelagid Inc"]

[Text] A meeting will be held today in the Icelandic Ministry of Industry. Participating will be representatives of the ministry, of the Soviet Ambassador to Iceland, of Stalfelagid Inc and presumably of Brimness Inc. The meeting will discuss the Soviet proposal to invest in Stalfelagid, a proposal that may have been presented through the agency of Brimness Inc. The business is an amazing one and still more remarkable is the fact that things should have come to the stage of formal discussions through the Icelandic Government.

Clearly not under discussion is the fact that the Soviets are getting involved in Icelandic business activities. The reasons for this are clear. The Soviets have tried for decades to increase their influence in Iceland. The have the largest foreign embassy in Iceland. They operate special propaganda offices in Iceland in the form of institutions that are recognized throughout the entire world as spy agencies. They have made repeated attempts to get control of Icelandic mass media and sometimes they have been reasonably successful in their aspirations. In recent years the Soviets have laid particular emphasis on playing a role in Icelandic industrial development through offering mechanized equipment to new Icelandic industries at low cost and have on occasion tried to introduce a large number of technical advisors into Iceland to install the equipment, although nothing has resulted. The Soviets have, however, achieved a firm hold over most areas of petroleum sales to Iceland, something that should never have occurred. There are thus very few areas in which the Soviets have not attempted to achieve influence in Iceland. Now they are casting their glance at a company that is having difficulty and seem to see an opportunity to gain a foothold in the Icelandic economy thereby.

No one should think that commercial considerations determine the Soviet position in this matter. It is clear that they see a chance to offer capital to Stalfelagid Inc, even purchase its output, as a means of creating a new position of influence in Iceland. The Soviet view is certainly that if they are successful in this area it may lead to increased Soviet influence upon the Icelandic economy. As a result of their investment, the Soviets could request that certain Soviet citizens should work with the company and then, gradually, they would increase their interference and influence.

It may well occur to some people that there is nothing unnatural about allowing the Soviets into an Icelandic company any more than allowing in the People's Republic of China, discussed as a partner in the Swiss Aluminum Company in Straumvik when the plant was enlarged. But there is a fundamental difference in this case. First of all, the People's Republic of China would be a participant in aluminum production in cooperation with the Swiss Aluminum Company, which is a very large international company and one which we have had good experience with. The Soviets, on the other hand, would be cooperating partners with a very weak Icelandic company, one lacking the power to build the steel plant itself, not to mention other expenditures. Secondly it is a fact, that the Chinese People's Republic did not make its offer to achieve influence in Iceland, even though the Chinese have offered fairly good financial safeguards. The Soviets, on the other hand, have tried for decades to achieve influence in Iceland, as noted above. We enjoy no financial safeguards against them. On the contrary, we must be very careful in the presence of the Soviet military since both Soviet aircraft and warships are present near Iceland. For this reason the proposal on the participation of the Chinese in the Icelandic Aluminum Company and the attempt of the Soviets to gain a foothold in the Icelandic economy are totally different. But the Chinese proposal will have to be decided on its own merits and wemake no statement here as to whether or not the Chinese proposal meets the needs of Iceland or not.

We must realize that the Soviet Union is a centrally controlled world power. There exist no companies in the Soviet Union except those under government control to some degree or the other. For this reason the discussion in this case centers about whether or not the Soviet Government should be a shareholder in an Icelandic company. No one is discussing this side of the issue. Who would suggest that the United States become involved in the Icelandic economy? No one would suggest such a thing. American companies, on the other hand, are something else entirely.

It is not sufficient simply to reject the Soviet offer for participation in Stalfelagid Inc. There need be careful consideration of the reasons why the offer was made. It must be discovered whether or not the initiative of those, even Icelandic companies, that have had some association with the Soviets has been used as an intermediating link in this connection. This must be found out since it could cast light on the actions of the Soviet Union in Iceland. There is concern widely in the West about the activities of companies established by the Soviets. Their effort to gain entry into Stalfelagid could be of the same sort. It should be determined clearly whether this is the case or not.

Participation of the Soviet Union in Stalfelagid is contrary to Icelandic interests. The management of Stalfelagid must certainly realize this. They have long struggled to get their company on its feet with uneven support from the public and officials. The reactions of the public to the company, however, will not improve if the company's management go so far in their attempts to put the company on an even keel that they open a path for the Soviet Union to gain a foothold in the Icelandic economy. For this reason MORGUNBLADID hopes that the meeting in the Icelandic Ministry of Industry today will be the first and the last. It is a meeting that should never have been held in the first place.

Minister Attacks Paper

Reykjavik MORGUNBLADID in Icelandic 1 Nov 85 p 9

[Text] "It emerged at the meeting that there had been no discussions between the Soviet trade representative and Stalfelagid, Inc. on proposed cooperation of these parties in the building of a 100,000-150,000-ton steel plant in Iceland. No further discussions are planned," it is stated, among other things, in an Icelandic Ministry of Industry press release issued at the conclusion of a meeting of the Soviet trade representative, the management of Stalfelagid Inc and representatives of the Ministry of Industry and of Brimness Inc in the Ministry of Industry yesterday. "MORGUNBLADID should be hesitant about speculating wildly in this manner," said Icelandic Minister of Industry Albert Gudmundsson in an interview with MORGUNBLADID at the close of the meeting yesterday. He was referring to a MORGUNBLADID editorial of yesterday which comes out against cooperation with the Soviets in this area. The Icelandic Minister of Industry said that no further discussions between these parties were planned. Asked about what role was played in the discussions by Brimness Inc and Kristjan Agustsson--it was Brimness Inc which initiated the discussions--the minister of industry said: "I have no idea, but I think it likely that Brimness is the agent for the Soviets in the area of trade."

Birgir Isleifur Gunarsson, chairman of the [Althing] Heavy Industry Committee, said in an interview with MORGUNBLADID that he did not believe that there would be further discussions between these parties. He said that it had emerged from the presentation of the Soviets that they had no plans to become owners of such a plant, although they are prepared to sell Iceland vehicles, equipment and knowledge, if it is needed, and also that they could manage the sale of the excess products of such a plant.

It emerged from the presentation of the representatives of Stalfelagid Inc that the company does not feel that it is able to take on a project of this size since it is expected that the proposed plant might cost 2 billion kronur. They referred the continuance of the matter to the government.

Paper Sums Up

Reykjavik MORGUNBLADID in Icelandic 10 Nov 85 p 28

[Editorial: "Making a Quick Business of the Soviets"]

[Text] It was enjoyable to see how quickly Minister of Industry Albert Gudmundsson attended in recent days to Soviet proposals to gain a foothold in the Icelandic economy. It was clear immediately after the discussions at the Ministry of Industry that this would be the first and last meeting on the subject. That is wonderful. It was important for the Soviets to realize that there was no hesitation on the part of the Icelandic government, no inclination to pursue the matter. It is likewise clear that Stalfelagid did not initiate the discussion with the Soviets. Contrary to what was reported in MORGUNBLADID, they knew in advance only that foreign parties were interested in cooperation with them, without knowing who the foreign parties were. The secrecy involved tells its tale about the real intentions of the Soviets in this astonishing and clumsy attempt by them to gain a foothold in the Icelandic economy.

The fact, however, still remains that they tried. And the way in which they tried raises certain concerns. They used an Icelandic company which had had connections with the Soviet Union to serve as intermediary for discussions between Soviet representatives and Stalfelagid. How did this happen? Why did the Soviets not turn directly to Stalfelagid or to the Ministry of Industry and indicate their interests in the company? Why did they need the intermediation of an Icelandic company which has never been as large as Stalfelagid? Have the Soviets made efforts to obtain the intermediation of other Icelandic companies in such connections?

These and other questions must necessarily arise due to the Soviet attempt to participate in a large company in the Icelandic economy. Soviet spokesmen in Iceland have often claimed that there is no reason to have suspicions about the Soviets in connection with their trade with Iceland and characterized those warning of too many trade connections with the Soviet Union as bigoted.

What do these individuals say now about the attempt by the Soviets to take part in the construction of a steel industry in Iceland?

It is certainly true that the Soviets use trade for political purposes. They want to sell Iceland all the oil they can in order to make Iceland dependent upon them for oil imports. Times have come in years past when it has been difficult for Iceland to purchase oil on the open market due to the fact that when there was oil shortage, suppliers thought first and foremost about their regular customers, whereas Iceland has been a regular customer of the Soviet Union for almost 40 years. It is also a fact that the Soviets had been interested in becoming involved in Icelandic industrial buildup in order to be able to send in a host of experts in connection with such projects that could be taken in hand in Iceland as a result. It is also a fact that the Soviets have been interested in beginning scheduled flights between Iceland and other countries, and that they have advanced such possibilities especially when times have been bad for Flugleidir [Iceland Air] to obtain a foothold in Icelandic transportation.

People in the Icelandic Ministry of Trade and in the fisheries products sales associations have been all too blind to these attempts by the Soviets and have taken offense to the warnings of MORGUNBLADID about what was behind them. The Stalfelagid affair, on the other hand, should convince such persons about what the plans of the Soviet Union are. To this extent the matter has been of use.

It is time for us to review our connections with the Soviet Union. First of all it is important to spread Icelandic oil purchases around better than has been the case in the past. Secondly, it has been a matter of concern whether or not it pays to sell the Soviets all the fish that we are now delivering. Thirdly, it is foolish to allow the Soviets to have all the freedom of action that they now have in Iceland while the hands of the Icelandic Ambassador to the Soviet Union are to a large degree bound. It is desirable for the Ministry of Foreign Affairs to take the matter under advisement during the next weeks and months.

The Icelandic Minister of Industry has shown that his former opposition to trading agreements with the Soviet Union, which resulted in the previous government loosing his support and the support of other Independence Party MPs, was based upon objective grounds and that he has a clear concept of what was involved.

9857
CSO: 3626/9

OIL PRICE DECLINE PROVES VULNERABILITY OF ECONOMY

Oslo AFTENPOSTEN in Norwegian 16 Dec 85 p 15

[Article by Morten Woldsdal: "Norwegian Authorities Concerned: Great Uncertainty About Oil Revenues"]

> [Text] The recent decline in oil prices emphasizes once more how vulnerable the Norwegian economy is to fluctuations in the oil market. Norwegian authorities are now beginning to be more and more concerned that they have been too optimistic in their forecasts for oil prices and dollar exchange rates in next year's national budget, according to what AFTENPOSTEN has learned. It may very well be that 1986 is the first year in a long time when the oil revenues are significantly lower than expected.

The price of Great Britain's Brent Blend oil--the reference oil in the North Sea--was $30.85 per barrel as late as 25 November of this year. And most experts expect it to fall further. Nobody dares to say how much. But especially after this winter is over and the demand for oil has declined the experts fear a significant fall in the prices if oil production in the world is not reduced.

Worrisome

Everyone expects a decline in oil prices in the spring, but very few counted on the price reduction that the market has experienced during the past weeks. According to several observers it is especially worrisome that prices have fallen so much now--when it is cold around the world and there is a relatively high demand for oil. If the OPEC countries and the countries outside the organization continue to produce as much oil as today, anything can happen in the spring.

Developments over recent years have, however, shown that things do not necessarily go as the experts expect. Prices go up when least expected, and vice versa. That which is most certain in today's situation is that the future of the oil market is very uncertain. And that also creates great uncertainty around oil income which the government can count on receiving into the treasury in the next few years.

Taxes Payable

The oil companies pay taxes and fees to the Norwegian state twice a year. A decline in oil prices in the first half of next year will therefore first hit the state income in the second half of 1986 and the first half of 1987. These taxes and fees are accumulating with the oil companies in 1986. The government therefore uses the expression accumulated taxes and fees if the money that the oil companies really see is calculated for in one calendar year.

In the proposed balanced state budget for next year, the government calculates that the accumulated taxes and fees from oil activity will amount to 27.3 billion kroner. That is 20 billion less than the oil income for the year. The government expects that both the price of oil and the dollar rate will go down next year, so that the oil price in Norwegian kroner will be more than 20 percent below this year.

AFTENPOSTEN has learned that the government in the balanced budget has calculated on a price of $25 per barrel in 1986, and a dollar rate of 7.25 kroner. In the original budget proposal the dollar rate was set at 7.50 kroner, but it was adjusted downward in connection with the balancing.

Can Be Optimistic

AFTENPOSTEN has learned that developments in both the oil and the currency markets are causing the authorities to be concerned. The budget assumptions which the government originally thought were realistic may turn out to be optimistic. Both the average oil price and the dollar rate for next year are expected to be below the assumptions of the authorities. In that case it will be the first year in a long time that Norwegian oil income is significantly lower than expected. In 1985, for example, the income from oil activity will be fully 15 billion kroner higher than the authorities estimated one year ago.

If the average oil price next year is $24 per barrel--$1 below the government assumption--the accumulated taxes and fees will be reduced by nearly 2 billion kroner. In that case Norwegian export income will decline by 2 billion. If next year's oil price should decline to $20 per barrel, oil income could be reduced by 10 billion kroner, and export income by a similar amount.

If in addition the dollar rate should decline 50 ore below the 7.25 assumed by the government, the accumulated oil taxes will decline an additional 2.5 billion kroner while the export income will decline by 3.5 billion. Billions can therefore very quickly run out of the Norwegian treasury next year if oil prices and dollar rates continue to decline.

Higher Production

Such a fall in oil prices and the dollar rate can be compensated for by Norwegian oil and gas production being higher than estimated. The government estimates that it will be 64.9 million tons of oil units next year. This figure can well turn out to be too low. A relatively great increase in production would be necessary, however, to fully compensate for a drop in oil price of $1 per barrel. In that case oil production would have to be increased by about 2 million tons annually, which corresponds to 40,000 barrels of oil per day. And if, in addition, the dollar rate is lower than estimated, productiion would have to be increased even more.

In today's difficult oil market--with a surplus of oil--a Norwegian production increase such as that would contribute to even stronger pressure on prices. Which would cause Norway to lose even more.

9287
CSO:3639/49

FINANCE MINISTER URGES BANKS ACT TO SLOW OVERHEATING ECONOMY

Stockholm DAGENS NYHETER in Swedish 27 Dec 85 p 11

[Article by Erik Magnusson: "Norway's Economy Getting Overheated--Record High Demand"]

> [Text] Oslo. "Stop robbing banks and borrow the money instead. It is much simpler." Bank robbers recently got this advice from Finance Minister Rolf Presthus. With these words he wanted to indicate his dissatisfaction that borrowing, low unemployment and high wages have led to such a rapid increase in private consumption that the economy of newly-rich Norway is getting overheated.

Norwegians are buying as never before. Private consumption has increased by seven percent during 1985. Christmas buying broke all previous records. The question now is whether higher interest rates can put the brakes on Norwegians'endless willingness to buy.

Private consumption in Norway rose during 1985 to 234 billion kroner. That is a real growth of almost seven percent compared with 1984 and puts Norway in a class by itself in relation to Europe.

Tax Policy

Norwegians have plenty of money as a result of high employment and good wages. Norway is as near to full employment as it can get. The number of unemployed Norwegians is comparable to the number of Stockholmers without jobs.

But the galloping rate of consumption has also a third explanation, according to the social democratic opposition. The Labor Party believes that the government has been too generous in its tax policies and that it has been too easy to get loans. Banks in Oslo are still advertising in their windows that they will grant credits up to 35,000 kroner almost "in a minute."

Finance Minister Rolf Presthus does not deny the problem, and in the Storting he advised all Norway's bank robbers to cease their activities, as it would be easier to borrow the money.

Free Bank Interest

For several weeks Presthus has pressured the banks to reduce their lending rate. Bank interest rates are free in Norway and the government partly depends on voluntary interest increases by the banks.

After the New Year interest rates will rise when the government forces the banks to take up two new government obligations at higher interest. Critics believe, however, that private borrowing will hardly be checked by raising already high interest rates.

This is partly because the customers are not afraid of any shocking increase in interest rates because Norwegians can deduct all interest paid up to 18 percent in their tax returns. And partly because interest rate increases entice foreign capital to Norway, and the banks get still more money to lend.

Lowered Taxes

Norwegian bank interest rates are significantly higher than in the neighboring Nordic countries. Still Norwegians are not hesitating to use loans and credit to buy jewelry, furs, furniture and other capital goods. Automobile sales have broken records. Although the cost of passenger cars averages about 75 percent higher in Norway than in Sweden, 160,000 new new cars were registered this year. Volvo has increased its sales by 47 percent.

The boom in consumption and borrowing has led to the fear that Norway is about to demolish its good economy by accepting inferior goods for their assets. And considering that the government intends to reduce income taxes, conditions are right for private purchasing power to remain strong.

The uncontrolled increase in consumption is definite confirmation that Norway's export-oriented economy has not succeeded in adapting itself to the gloomy economic conditions in the rest of the world.

According to the latest semiannual report from OECD, domestic demand is going to have greater influence than increased exports on Norway's growth next year. OECD attributes that to "a less restrained economic policy," and predicts a continued expansive financial policy during 1986 which will result in increasing public expenditures and modest tax reductions.

Norwegian national economists disagree as to who is responsible for the economy getting overheated. The liberal Oslo newspaper DAGBLADET believes that many decisionmakers are responsible for Norway's economic train "going to the devil in first class."

"The government, because it refuses to revise its tax policies despite the wild increase in consumption. Members of labor groups, because income policy is out of control. Banks, because they do not observe credit limits. And finally the opposition, because they are blowing life into the embers beneath an overheated pot."

9287
CSO:3650/98

INFLATION SLOWED IN 1984

Lisbon TEMPO in Portuguese 22-28 Nov 85 p 17

[Article by Ilidio Barreto]

> [Text] It is almost certain that inflation will not go over the 16 percent mark at the end of the year (average from December to December), given the growth observed up to October. It will only require that prices not go up by more than 1.28 percent, on the average, in either of the last 2 months of the year. This goal is perfectly legitimate since the figure is at the level of the monthly average rate of inflation (1.24 percent per month) registered to date in 1985.

According to data published by the National Statistical Institute, prices rose 1.0 percent in October (in October of last year the figure was 0.9 percent). The growth in October was greater than in the 6 previous months, during which the monthly rate was always less than 0.8 percent. (See graph.)

Oddly enough, this year the Consumer Price Index (IPC), the indicator usually employed, did not decline in any month, contrary to past years (down 0.9 percent and 0.2 percent in May 1984 and May 1983, respectively).

The inflation has unquestionably decelerated, however. In the 12 months ending in October (i.e., from October 1984 to October 1985), the IPC rose only 16 percent (for the same period ending in October 1984, the IPC rose 26.8 percent). This rate for "the last 12 months" has been declining successively since February (which showed the highest rate, or 25.9 percent) and appears to be stabilizing now at about 16 percent, following the 15.9 percent in September and the 16.1 percent in August, as the graph shows.

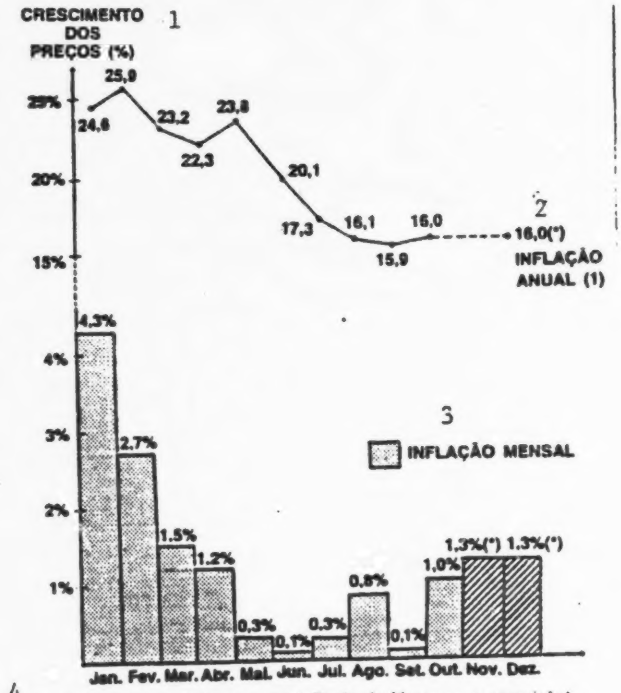
For the annual inflation rate to fall to 16 percent at the end of the year, prices would have to go up [no more than] about 2.57 percent from 1 November to 31 December; in other words, an average monthly growth rate of 1.28 percent in November and December. If this monthly growth rate can be held to less than 0.85 percent, the December to December inflation rate (1985) could even be as low as 15 percent.

This rate would be perfectly possible if this were the goal of the government. However, the executive's commitments are for 1986 (a goal of 14 percent) and, With this in mind, it is to the government's interest not to hold off on any price increases (namely on controlled items) until the beginning of next year, unlike what happened in December 1984.

The higher the rate in December 1985, the easier it will be to achieve the 14 percent goal for the following year.

By October, the general price level had risen 13.1 percent, as against 18.1 percent at the same time last year.

Graph: Development of Monthly and Annual Inflation in 1984 [sic]



4 *(*) Valores compatíveis com uma inflação de 16 por cento (previsão) no final de 1985*

5 *(1) Inflação dos «últimos doze meses» em cada mês*

Key:

1. Price Increases (%)
2. Annual inflation (1)
3. Monthly inflation
4. * Projection compatible with an inflation rate of 16 percent at the end of 1985.
5. (1) Inflation rate for "last 12 months" in each month.

6362
CSO: 3542/42

POWER CONSUMPTION RUNNING AHEAD OF FORECAST

Oslo AFTENPOSTEN in Norwegian 16 Dec 85 p 56

[Article by Bjorn Olsen: "Power Consumption: Sharp Increase in 1985"]

> [Text] Total power consumption in Norway rose by 4.2 percent in 1985. Consumption in power intensive industries declined somewhat, while general electricity consumption increased by 10 percent. Rolf G. Wiedswang, director of electric power stations believes that if this development continues we will reach the level calculated for 1990 as early as 1987.

"Total consumption in the kingdom this year will be 102.4 billion kilowatt hours. Power intensive industries had a reduction of 3.3 percent from last year. This branch experienced a jubilee business year in 1984, and now has put on the brakes.

"The power supply to households--the so-called general consumption--was almost 67 billion KWH. This has been a rather cold year, and 5 percent of the increase in general consumption was used to keep out the cold. Not considering the temperatures, we had a 5 percent increase in consumption."

Taking everything into consideration this is an increase which is significantly more than the government assumed in its program for power supply. We are 3 years ahead, and the reserves for creating new power are not keeping up with consumption. We will therefore have a shortage of power in a few years.

The director of power stations said that this does not necessarily mean scarcity or rationing, but shortages mean less power than what is profitable for society. He emphasized that later in the 1990's it would be possible to cover all the needs satisfactorily. However measures must be taken to advance energy saving and build new power plants.

Rolf G. Wiedswang said that measures have been taken on the energy-economic side. It appears to be difficult to acquire new power sources. This should be unnecessary, because Norway is one of the countries which has the best possibilities of covering its own power requirements, he said.

9287
CSO: 3639/49

ENERGY NORWAY

COUNTRY'S OIL INDUSTRY SEEN COPING WITH STRONG PRICE DECLINE

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 23

[Article by Morten Woldsdal: "Oil Industry Can Withstand Sharp Price Decline"]

> [Text] Oil prices would have to decline to below $5-$10 per barrel before it would be unprofitable to produce oil and gas from the fields which are in production today on the Norwegian continental shelf. According to calculations made in the Ministry of Oil and Energy, however, it would hardly be profitable to develop new fields with oil prices much below $20 per barrel. Oil activity north of Stad would be especially hard hit if the price fell below $20 per barrel.

Yesterday the price of Britain's Brent Blend oil--which is the reference oil for the North Sea--was between $25.40 and $25.65 per barrel. In November the price of the same oil was up to $30.85. The international crude oil market is still very nervous and uncertain, and prices can go both up and down. Most experts still agree that there is great danger of a fall in prices when demand goes down in the spring, if oil production is not reduced.

Anything Can Happen

No serious experts are talking today about a price decline down to $5-$10 per barrel. Several of the oil ministers in OPEC have, however, claimed that prices could sink to below $20 per barrel if the oil countries outside the organization do not reduce their production. But despite the fact that very few today will predict a dramatic price decline--to under $20 per barrel--there are just as few in today's nervous market situation who would dare to exclude anything.

The Ministry of Oil and Energy has made calculations which show that the price of oil must fall below $5-$10 per barrel before it would be valid to decide to close the fields which are producing in Norway today, AFTENPOSTEN has learned.

The oil companies which own Ekofisk, Valhall, Frigg, Odin and Statfjord have all long ago recovered their billions invested in platforms, pipelines, etc. Most of the investments are also tax writeoffs. Therefore the expenses of operation, maintenance and wages are about all it costs to keep production going. For some of the fields these expenses are around $3-$4 per barrel, while for others they are below $5-$10.

Also Gullfaks/Oseberg

According to the ministry's calculations, oil prices must decline that much before it will no longer be profitable to continue development of the Gullfaks and Oseberg fields. These will come into production in 1987 and 1989 respectively. As to Gullfaks and Oseberg one is largely talking about prices in the 1990's, and most experts believe that prices will rise as the turn of the century approaches.

But even if it would be profitable to continue production on today's fields with oil prices at $5-$10 per barrel, it is clear that in such a situation Norway would have a dramatic decline in oil income. The tax income from oil activity declines by 2 billion kroner per year for every dollar that the price of oil goes down. If the price should go down to $10 per barrel that means that Norwegian oil income would almost be reduced to zero. The same would happen to the oil companies' surplus.

A significantly smaller price decline, however, would jeopardize the development of new fields on the Norwegian shelf. The Ministry of Oil and Energy calculates that it would hardly be profitable to develop new fields with the price below $20 per barrel. That would hit Snorre field, 34/8 blocks and the fields at Halten bank and Tromso flake. And it is not just the oil fields that would suffer. Oil prices have a decisive importance for gas prices. If the price of oil should drop to below $20 per barrel the authorities would probably reduce the tax level so that new fields would be developed. With such an oil price there would probably be a full stop to all exploratory activity on the Norwegian shelf, with today's tax regulations.

OPEC Would Hardly Dare

Many of the OPEC member countries will have big economic problems long before Norway and Great Britain if oil prices decline dramatically. As many as 95 percent of the British fields are profitable to keep in operation with a price of $5 per barrel. But OPEC countries such as Nigeria, Indonesia and Venezuela--which have enormous foreign debts and depend entirely on oil income--will come to the brink of bankruptcy if oil prices approach $15 per barrel. Even Saudi Arabia depends on high oil prices to keep its oil income up. There is therefore little indication today that the OPEC countries will risk starting a price war to force the North Sea countries out of the market.

9287
CSO:3639/49

END

JPRS-WER-86-011

31 January 1986

West Europe Report

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JPRS-WER-86-011

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POLITICAL EUROPEAN AFFAIRS

VAN DEN BROEK ON DUTCH EEC CHAIRMANSHIP PLANS

Amsterdam DE VOLKSKRANT in Dutch 6 Dec 85 p 5

[Article by Theo Klein: "EC Treaty Makes Netherlands' Task Easier: Van Den Broek Optimistic about Chairmanship"]

[Text] The Hague--According to Minister of Foreign Affairs Van den Broek, the task of the Netherlands as EC chairman during the first 6 months of 1986 will be a bit easier now that the government leaders have come to an agreement in Luxembourg concerning a new EC treaty. If that had not been accomplished, beginning on 1 January the new chairman would have been left "with his hands in a mess." Such was the comment made by the statesman on Wednesday in a report on the plans that the Netherlands have for the first 6 months of the coming year.

In such a situation, the Dutch statesmen would have been forced for the most part to spend their time on reaching an agreement on the treaty. Yet another reason for Van den Broek to be pleased with the results from Luxembourg: "Even so they are minimal." The statesman foresees that the new chairman will now be able in the main to concentrate on carrying out the political decisions made in Luxembourg on Tuesday.

They include a streamlining of decisionmaking, improving the internal free market, and expanding the influence of the European parliament. Van den Broek says that execution need not wait until all of the national parliaments have ratified the treaty. That could easily take up 2 years' time.

"We want to instruct our colleagues to act in such a way after 1 January as though everything had been approved. Otherwise, we'll be putting the cart before the horse," according to Van den Broek. "Above all, we want to use our chairmanship in order to transform into visible deeds the beautiful resolutions taken in Luxembourg. Here we have uppermost in our minds the 300 decisions from the European parliament's white paper report, which decisions are needed if we are really going to be able to speak in 1992 of a free market in goods, people, and capital."

Free Market

The statesman believes that the Luxembourg agreement offers every possibility of doing this. "Now it is important to send a signal to European business that we are really willing to remove the barriers to a free market. Therefore, it is not enough for us to be content with paying lip service. We want to get off to a flying start," the minister says.

He expects that Italy and Denmark will finally retract the reservation that they made on Tuesday. In his view, this need not present an obstacle, therefore, for carrying out the decisions made in Luxembourg. He has "justified hope" that Italy will still come to consent fully once the proposals have been dealt with in the national and the European parliaments.

But even stubborn Denmark, where the minority government is tied hand and foot to the parliament, will not, in Van den Broek's view, undo the result already achieved "because it itself also has a large stake in a well functioning free market."

On paper, the Netherlands has an ambitious little wish list in which priority is being given to such matters as budgetary discipline in the EC, improving the contacts with the European parliament, revamping agricultural policy, stimulating new technologies, putting transportation policy into practice, and paying attention to the Mediterranean countries. In all honesty Van den Broek immediately added that the possibilities for taking independent initiatives were very limited in a 6 month period.

The primary task is to expand on what has already been reached and to give greater substance to integration, according to Van den Broek. Moreover, the Dutch government hasn't the slightest intention to use the chairmanship for the presentation of Dutch hobby-horses. In the view of The Hague, it is not one's own preferences which ought to be emphasized from the chairman's position, but just the common interest.

Cooperation

"This does not mean, however, that we will take a passive stance. By no means is that the case," Van den broek states. In 6 months' time, he and his colleagues have no less than 45 European (partial) sessions in front of them. The Netherlands will follow Luxembourg, and will pass the helm to the British on 1 July of next year.

According to Van den Broek, the Luxembourg accord provides somewhat more leeway for political cooperation in Europe (foreign policy). He made the announcement that at the beginning of next year under Dutch chairmanship an EC mission will visit the so-called front-line states in southern Africa (Zimbabwe, Mozambique, Zambia, and Angola). The trip is taking place at the request of the Africans.

Three ministers, including Van den Broek, made a controversial trip to South Africa last summer. According to the minister of foreign affairs, the Netherlands will pay strict attention that the measures proclaimed afterwards against Pretoria be put into practice during the coming months. At the request of France, the actual situation in South Africa will come under examination shortly within the EC framework.

Van den Broek was unable to say whether a possible sharpening of the EC's measures against South Africa would come to pass during the first 6 months of 1986. It was equally unclear whether the Community would offer the front-line states the extra economic support which they are requesting in order to compensate for those economic measures taken against South Africa from which they are also suffering.

The European chairmanship will make great demands upon the time of a number of Dutch ministers. In addition to Premier Lubbers, who, among other things, will attend the economic summit in Tokyo on behalf of the Community and Van den Broek, ministers such as Smit-Kroes for transport, Braks for agriculture, Ruding for monetary issues, and Winsemius for environment will also have their hands full. "There has never been a chairman who didn't take leave after 6 months without a sigh of relief," said Van den Broek.

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CSO: 3614/40

MAYSTADT, COEME VIEW NEW GOVERNMENT AGREEMENTS

Maystadt on Priorities

Brussels LE PEUPLE in French 23 Nov 85 p 2

[Interview with Philippe Maystadt, outgoing budget minister, by Didier Caudron and Fabrice Jacquemart; date and place not specified]

[Text] It was 5:30 am yesterday morning when the Stuyvenberg negotiators parted. Mission accomplished in the sense that after many difficulties, they reached a painstaking agreement. We questioned two individuals on the scope of this agreement's impact: on the side of the majority, Philippe Maystadt, outgoing--and perhaps returning--budget minister; on the opposition side, Guy Coeme, vice president of the PS [Socialist Party] and president of the Walloon Socialist Federations.

Is it a good government program? We don't think so. First, because the same things are repeated, and we know what that has yielded over 4 years, in order to start up a new adventure; then, because everything leads us to believe that austerity will still be carried out for austerity's sake and that obviously, imagination and boldness will not be in power; finally, because neither social nor community justice will be restored in a country that will, in all likelihood, experience even more excessive and dangerous freezes.

But it will be necessary "to go along." For 4 years? That is another story.

Martens VI will soon be born. When? Very quickly, if we are to believe Philippe Maystadt, one of the leading potential PSC [Christian Social Party] ministers, whom we questioned about the content of the agreement.

Continuity

[Question] Will the Martens VI policy be the twin sister of that of Martens V?

[Answer] Continuity obviously exists--the minister explained to us. The government is going to pursue the same priority objectives, which fit into three points: maintaining the competitiveness of businesses; stabilizing public finances; combating unemployment. On the other hand, stress is more clearly being placed on ideas that appeared only implicitly in the preceding government declaration. I am thinking, for example, of the fact that business competitiveness is not only a matter of wage costs but also of the capacity for innovation and flexibility. Thus, for example, it is planned to replace direct subsidies to businesses by reductions in the tax burden.

[Question] Stabilizing public finances is not precisely the field in which the previous government had the most success...

[Answer] Perhaps, but it is a long-term operation. I believe, in particular, that the Liberals, in the euphoria of creating the Martens government in 1981, had considered simplistic solutions, indeed slogans, in order to stabilize public finances. They are realizing, at present, that it is not so easy as that and that the effort should be directed over several years. That being said, stabilizing public finances is not only a matter of withdrawals or restrictions; it is also a question of seeing to quality of management, to more modern management methods. For the first time, the government declaration will include, moreover, a chapter devoted to budgetary methods (responsibility of officials, new presentation of budgets by program, cost-benefit analysis, etc...)

Another Jump in the Index

[Question] What will happen with regard to revenue?

[Answer] As foreseen under the former government, the third jump in the index will be maintained. There will therefore be one indexing less in 1986, but beyond that, normal indexing will be resumed...

[Question] And the tax system?

[Answer] The law of 1 August 1985 will be applied, which means a gradual reduction (spread over 4 years) of the tax on individuals. For the rest, the government declaration indicates that fiscal pressure will not be increased. To put it plainly, a slight reduction in direct taxes; and fOor indir4ect taxes, the status quo.

[Question] There has also been agreement on turning education over to the communities. At least, the political agreement provides that a draft revision of the constitution will be introduced before the end of the legislature so as to permit the following chambers to be constituent in the matter. Haven't the Christian Socialist backtracked?

[Answer] No, the PSC has not changed its attitude. What we were calling for--and what we got--was the government's finalizing the guarantees for equitable treatment of all the education networks. These guarantees will have to be a prerequisite for any transfer of education to the communities.

The PSC's Priorities

[Question] What are, for you, the main points retained in the agreement?

[Answer] There are three of them.

First of all, with regard to family allowances. We are going to turn toward a system that makes the family allowance a right of the child, whatever the socio professional status of the person responsible for him.

Then, we have obtained an increase in the minimum wage and in the smallest pensions. This is expressly provided for in the government declaration. Indeed, that will cost 6 billion, but this will be spread over several fiscal years.

Lastly, priority has been given to basic education, pre-school and primary. There will be a strengthening of the means put at the disposal of this level of education. The early study of modern languages will be favored; thus, from the start of the next school year, primary school pupils will be able sooner to begin learning a living language (Dutch, in particular). This will not be compulsory in all schools, but those embarking on it will get the necessary subsidies.

Fourons: Vagueness

[Question] But there are also some weak points. What do they say about the Fourons? What do they say about the national sectors?

[Answer] Concerning the Fourons, in fact, the problem remains and might possibly be presented, at a certain point, to the government. As to the national sectors, the government declaration envisages the status quo: when the planned framework is exceeded, each region concerned should provide for financing the overspending by death duties (for the coal mines of Campine as well as for the iron and steel industry).

[Question] And the port of Zeebrugge?

[Answer] In a general way, it was decided to slow down the large-scale infrastructure work for the benefit of work supplying jobs. But the Zeebrugge program is too advanced for us to go back. What is clear, however, is that we will not go beyond the investments already planned.

[Question] Why new special powers?

[Answer] To fix the 1986 and 1987 budgets. It is a question of speed, so that the measures may already have an effect on at least a part of next year. That does not exclude control by Parliament. If the latter does not ratify the measures taken in the special powers framework, they will cease to apply.

[Question] When will formation of the government take place?

[Answer] That should be done by the end of next week.

Coeme on Socialists' Strategy

Brussels LE PEUPLE in French 23 Nov 85 p 2

[Interview with Guy Coeme, vice president of Socialist Party and president of Walloon Socialist Federations, by Didier Caudron and Fabrice Jacquemart; date and place not specified]

[Text] The bitterness is no longer what we think. If the Socialists are now very much isolated from power, they apparently do not have the intention of giving up. Misfortune is good for something. The government agreement will at least have clarified the political situation, with the opposition everywhere facing the same majority. Guy Coeme, vice president of the PS and president of the Walloon Socialist Federations, shared his analysis with us.

[Question] Guy Coeme, is the Martens VI affair history repeating itself?

[Answer] Completely... I would make three remarks about Martens VI. First of all, what has just happened shows that the slogan of the majority parties, according to which three-quarters of the way had been traveled, is a con. The objective of financial stabilization that had been planned in 1981 for 1985 is extended, unaltered, until 1989...

Afterwards, 6 weeks of wrangling were needed to reach an agreement on an absolutely woolly text which puts off the real problems. The most crucial problems that were to be taken up this weekend were settled in 2 days by the postponement until later of the problem of Brussels, of the Fourons... In this connection, we can judge the fairness of the PSC in relation to the Fourons. You should recall Jean-Pierre Grafe's statements at the French-speaking People's Festival... Even important economic problems are put off, for example, the national sectors, such as the Limbourg mines. All things considered, Martens VI is not protected from a community and social explosion.

Democracy in Brackets

Finally, they are resorting to special powers for a 14-month period, after two other periods of 11 and 9 months... It is putting democratic and parliamentary life in brackets. And it is an antidemocratic attitude that will cost them dearly in the end. The social elections are not far off... Will the French-speaking Christian workers agree to follow Mr Houthuys blindly in his policy of unconditional assistance to Martens?

[Question] But if they have special powers, they are going to hold out for quite a while?

[Answer] It is true that a certain duration can be feared, but there is this difference: the social elections are planned for spring 1987. That risks creating additional tensions in Christian circles. The special powers will stop, moreover, a little before these elections...

And then, we must not forget that tensions within the majority will be stronger than they have been during the last 4 years. The Christian Socialists are exacerbated by a very hard Liberal policy...until when will their antisocialism unite them?

Question] How do you assess the balance of power between partners within the new coalition?

[Answer] It is difficult, I do not have enough details about the agreement as yet... But from all I have been able to learn, it is clear that the options are exactly the same. Martens V, in its broad budget trends, favored the army to the detriment of social areas and education. We can also note a trend entirely unfavorable to official education, especially at the school construction level, where denominational education continues to get guarantee funds while everything is frozen with regard to official education.

Disappointment

[Question] In spite of everything, the Socialists had hoped to share power in the region and the community at least. Thus, isn't there great disappointment?

[Answer] The 13th of October was for us, at the same time, an extraordinary victory and a big disappointment. Arithmetically, we are isolated from power. But we have gained in confidence in all the country's regions. Now, finally, things will be clearer... Public opinion did not understand, although there are Socialist ministers at some levels, [that] the regional and national were being confused... Now, we will clearly know that the policy carried out is exclusively one of Socio-Christian or Liberal inspiration. There will be no interference...

[Question] And what will the PS do?

[Answer] We must stand firm on strengthening the confidence of public opinion. And I would say that we must go on the offensive. Our defense of social gains must not appear to be a purely defensive opposition... Society is swamped by neoliberal ideas. We must turn this current around, at the intellectual, cultural, economic level... We must make proposals clear enough for them to be understood.

And then, we must go a little outside our structures. There are Socialists in the provinces, the communes, the schools... We must come out of these progressively managed structures... I would say that we must put extra generosity there. While being responsible managers, we must provide the Socialist touch and the additional heart that can set us apart. On the offensive, that means that we must adopt a general attitude that permits us to go beyond the after-election shock.

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PERSONALITIES, TRENDS IN NEW CABINET ASSESSED

Influence of Martens, Dehaene

Brussels LE SOIR in French 30 Nov/1 Dec 85 p 2

[Article by Guy Duplat: "Martens-Dehaene Axis Strenghtened"]

> [Text] To put together a government always implies subtle mixtures of political families and of the two communities in the country. That exercise is even more delicate when, as was the case this time, the government has left numerous "blanks" in its government statement and it will govern for more than a year and a half with special powers. Then the rôle of the individuals in it is crucial.

Martens had hoped to be able to put together certain portfolios, or to create "coordinator" ministers, but given the reservations he encountered he preferred to leave everybody in place. And given that some ministers (Maystadt) threatened to resign under those circumstances, it became necessary to play musical chairs in a minor key. With what gains and what losses? The PVV [Party of Liberty and Progress (Flemish)], the loser in the elections, saved its three ministerial positions and its three secretaries of state. That was unhoped for. But its allocations are lesser than in the previous government. The loss of the National Defense portfolio has not really been compensated.

The CVP [Social Christian Party (Flemish)] gained two secretary of state positions for its two key women, Mesdames Smet and Demeester, who are friends of Martens and Dehaene to boot.

The PSC [Social Christian Party (Walloon)] won a secretary of state position which allows Guy Lutgen, who was ousted from the Walloon Regional Executive in favor of Albert Lienard, to get a minor role anyhow.

The PRL [Liberal Reform Party (Walloon)] keeps the same number of positions as before.

Martens-Dehaene Axis

Apparently, the "left wing" of the government was able to place its pawns wherever it wanted to. Dehaene keeps control over Social Affairs, which the

CSC [Confederation of Christian Trade Unions] demanded; Hansenne keeps Employment and Maystadt leaves the "trap" position of Budget to take care of Economic Affairs. A position which the CSC is very highly interested in because Maystadt will be able to conduct a price policy and an industrial policy there which are closer to the wishes of the Christian labor movement. He will also be able there to deal with Cockerill-Sambre. Finally, Mrs D'Hondt (CVP, labeled "leftist") keeps the PTT [Posts, Telegraph, Telephone], but leaves the guardianship of De Croo to land in the lap of Martens himself. A very important change of guardian with the prospect of a more or less partial "privatization" of the RTT [Telegraph and Telephone Administration] and of the contract of the "century" for the agency...

One of the most striking aspects of this new government is the strength of the Martens-Dehaene axis. It was already powerful during the Martens V administration; it is hardening today. Mr Martens has two secretaries of state at his disposal: Mrs D'Hondt and Mr Lutgen, and Dehaene has three of them. The key pair is becoming stronger.

Undumpable Nothomb

On the "right" side of the government, the PVV has given up Finance, as it wanted to do, but gotten Budget, where the young Verhofstadt will have to show whether implementing cuts is as easy as demanding them. Next to Gol, the PRL is raising a heavyweight who will immediately take on a double responsibilit , as Paul Vanden Boeynants did at the time: Brussels Affairs and National Defense. Mr De Donnea will also be able to support Mr Gol in all the economic issues.

It will also be noted that the liberals are keeping the big investments positions (Communications, Public Works, National Education and National Defense), whereas the social Christians are keeping their good works, the social area. Liberals and social Christians have divided the economic and authority positions among themselves. In this regard it should be noted that Mr Nothomb is keeping his position as minister of the interior. And yet, following the tragedy of the Heysel and the events of Fourons nobody would have bet a penny on his nomination. At the last CVP congress, the president of the youth had even openly demanded his replacement, applauded by the whole room.

As for Jean Gol, he keeps the Ministry of Justice and even gets his own secretary of state in the person of Mundeleer. Thus Mr Gol obtained the resources to conduct a very active policy in this sector.

Compensation for Brussels People

The composition of the Brussels Executive represented a problem in and of itself. The PRL claimed its presidency. It got it. But the liberals of Brussels were demanding more. Upset by the fact that Gol eliminated Sertouille by finding a place for him in the French Community Executive, thus leaving the place within the Brussels PSC to Edouard Poullet, the Brussels PRL had asked Louis Michel for a "compensation." He received it. Mr Georges Mundeleer next to Jean Gol serves as guarantee for the laymen against the Christian de Donnea.

And de Donnea was given a second ministerial position. The CVP, which has never participated in a Brussels Executive, had requested it through Messrs Chabert and Weckx, but in the end it was the PVV which sent Jan Bascour to it. As for the PSC, Jean-Louis Thys is the one who will replace Mrs Goor.

With regard to the secretaries of state, several new faces should be noted. They foreshadow conflicts. Firmin Aerts becomes secretary of state for energy. He is a Limburger and thus will undoubtedly be Limburg's eye with Maystadt in the handling of the Campines mines and in the decision to be made on the upcoming equipment plan for electricians.

Mrs Smet and Mrs Demeester, the "secret cards" of Martens and Dehaene, will be in charge or providing a "new tone" to the government by concerning themselves with "social emancipation" and the 'handicapped." Guy Lutgen will play a similar role with Martens by handling the computerization of the public services.

Mrs D'Hondt will be directly answerable to the prime minister. Thus De Croo loses the PTT. But, together with the French speakers, he was in favor of a broad call for bids for the RTT's contract of the century. The CVP is exercising its strength on this issue undoubtedly to impose the "Bell Telephone-Societe Generale" solution. The strangest allocation definitely was that of Guy Verhofstadt, who in addition to Budget also received Science Policy and Planning. But, as a good radical liberal, he is opposed to planning and to a science policy consisting of direct aid rather than tax incentives.

Foreign Relations

As always it is advisable to study the language balances within the government. And specifically those related to foreign relations. One may recall that the PRL and the PSC had strongly objected to Flemish control over this sector. This Flemish dominance remains in effect to a large extent. Foreign Affairs, Foreign Trade, European Affairs, Development Cooperation and, of course, the position of prime minister remain in Flemish hands. The PRL retrieves the situation somewhat with Knoops, secretary of state for foreign trade, and de Donnea at National Defense. Through Maystadt, the PSC will have a say at the economic meetings of the EEC.

It should also be noted that certain key positions claimed by Flanders either remain with or go to Flanders: Communications, PTT, Energy, Science Policy. Economic Affairs and Interior Affairs were nevertheless snatched by the PSC.

The positions in the Ministry of National Education also formed an important stake in this government. The CVP and the PRL kept these ministries, but it is said that they will have to accept a more insistent "mother-in-law." Tomorrow more than yesterday, the PVV and PSC "national education cells" with De Croo and Nothomb will have the right to examine the policy op those departments.

To conclude, a government which has been disrupted relatively little and which is keeping its strong men, men for whom it is an advantage to know one another well, but a government which has added a few new spices, with which to provide those "new emphases" which we have been waiting for since 13 October last.

Profile of New Members

Brussels LE SOIR in French 30 Nov/1 Dec 85 p 2

[Article: "The New Arrivals..."]

[Text] Guy Verhofstadt: Ideologue Moves to Coal

A special case in our politics. President of the PVV at the age of 28, he is now, barely 32 years old, vice prime minister, minister of the budget, of science policy and of planning. No doubt an unprecedented career for an ideologue who is very far removed from our usual politicians. In Belgium you get to power through militancy and maneuvering skill. The young lawyer from Ghent got there through reading books and the strong sponsorship of Willy De Clercq.

In 1979, together with his friend Patrick Dewael who today at the age of 30 is Flemish regional minister, he wrote the neo-radical manifesto which would be taken up by the PVV. There should be less state, they said, fewer rules, greater liberties in the cogs of society and then the "invisible hand" would act in the best interests of everyone. Compulsory military service was rejected as being disguised taxation; social security was picked on, because it is said to be heavy and costly without succeeding in helping the most disadvantaged. Guy Verhofstadt has spent his weekends studying a great many files. He paid a visit to Great Britain to analyze the privatizations dear to Mrs Thatcher. He has computerized his idea of negative taxes. He traveled through Flanders to plead the theme of his three "D's." Destatization, defiscalization, deregulation.

But in Belgium, ideological radicalism does not go down very well. Willy De Clercq and Frans Grootjans, as vice prime ministers, have taken up few of their young president's ideas, even though some of his theses have entered into the government policy. Guy Verhofstadt was considered an intellectual too far removed from political realities. But in the last elections, he achieved a very good personal score in Ghent (38,000 votes) against Wilfried Martens.

At Stuyvenberg, he both horrified and impressed his partners. Even Dehaene, his most relentless adversary, admits that he knows his dossiers well and that he can stick to a decision. With Annemie Neyts as president, and Guy Verhofstadt in the government, the PVV has given itself a completely new look which rapidly removes itself from the traditional image of a party of local potentates. But in the government Verhofstadt will no longer be able to hang on to his nice theories; he will have to act and move to coal. The hardest remains to be done.

Thys, Anti-Thys, Saint Thys

In 1981, Jean-Louis Thys nourished the hope of becoming secretary of state for the Brussels Region. His dream became reality on his birthday. He is 45 years old.

Having been bitten at a very early age by the political bug, he was president of the social Christian youth before following Francois Persoons at the time of the Vanden Boeynants operation. For a very short period of time...

Having returned to the bosom of the PSC, Jean-Louis Thys was elected mayor of Jette in 1977, thanks to the help of the FDF [Democratic Front of Brussels French Speakers]. Currently he is also a representative who is appreciated for his availability -- he is a bachelor -- and located rather on the left. His centers of interest: municipal questions, immigration, the prevention of juvenile delinquency, the Third World... and Jean-Louis Thys.

Miet Smet: Martens-Dehaene Axis

Miet Smet (42 years old) entered politics with two "bigwigs" of the CVP: Wilfried Martens and Jean-Luc Dehaene. At the time they formed a famous trio which restarted the "CVP Youth."

This social worker was born in Sint-Niklaas-Waes, and in 1972 she was Luc Dhoore's press attache when he was secretary of state for regional economic affairs.

When Wilfried Martens became president of the CVP in 1972, Miet Smet followed him to rue des Deux-Eglises to take charge in particular of the institute for the political training of CVP candidates. Since 1978 she has been a member of the House and of the Flemish Council where in some of her interventions she has shown some of the "Flemish arrogance" strongly called for by another member of the CVP Youth, Eric Van Rompuy.

Georges Mundeleer: Marshal's Baton

A lawyer at the Ministry of Justice! The new secretary of state for justice, assistant to the minister of justice and secretary of state for the middle classes, the 64 year old Georges Mundeleer's profession is indeed that of lawyer at the Brussels court of appeals. Up to now, he had only walked in the shadow of ministerial functions during a career which nevertheless goes back to 1960. He has also been secretary to the vice president of the Council of Ministers and several times counselor to the cabinet.

He is distinguished primarily for having caused a commotion in 1971 by leaving the PRL and founding his own party. A step which was not crowned with success. He then had to wait until 1974 to return to the House among the ranks of the PRL. Among the people of Brussels he is known primarily as deputy mayor of Ixelles. He has been given his marshal's baton on the eve of his retirement.

De Donnea: Defense... of Brussels?

Both the Brussels Region and National Defense are in the hands of Francois-Xavier de Donnea (PRL). Nourished by university culture, this brilliant technocrat, specialist in economic affairs, came to us straight from the Secretariat of State for Cooperation. Still closely combining his teaching tasks and politics, Francois-Xavier de Donnea made his debut in the RW [Walloon Rally], as chief of staff for Etienne Knoops. Prior to having been appointed secretary of state in 1983, by replacing Jacqueline Mayence, he had been elected successively senator and municipal councillor in the city of Brussels, next to his predecessor at the head of the Brussels Executive, Paul Hatry.

Andre Damseaux: Finally National

Is it to put some good humor into the moroseness of ministerial councils that Martens has called Andre Damseaux from the regional administration into the national administration? In any case, this former president of the Walloon Executive makes his entry for the first time at the rue de la Loi preceded by a reputation as a "cheerful character." This inhabitant of Verviers, 48 years old, a graduate in diplomatic and political sciences of the University of Liege, has played an important role at the PRL, specifically when he became president of the Walloon PLP [Party of Liberty and Progress] and of the PRL from December 1973 until June 1979. Political observers often credit him with the reconciliation of the people of Brussels and with the reunification of the Walloon liberal forces.

Belgian type paradox: is this transfer from Namur to Brussels to be interpreted as a reward given to those who do not make mistakes at the regional level?

Jacky Buchmann: Industrialist

From practice to theory? As a matter of fact, it is a company manager who will become minister for the middle classes. Jacky Buchmann manages a company which manufactures lenses for eyeglasses. At the age of 53 he has not been talked about much in the world of national politics. A representative since 1974 and a member of the Flemish Executive since 1981, where he was in charge of housing, in the last elections he was elected senator for the district of Antwerp. But to the extent that he is known, he is known primarily in Kapellen, for the simple and good reason that he is its mayor.

Louis Bril: Not Very Well Known

Successively professor of history and director of a body factory in the area of Roulers, Louis Bril, the new secretary of state for Public Affairs and Science Policy, made his debut in parliament only in March 1980. Which means that he is still not very well known in the world of national politics. The only official position of responsibility occupied so far by this 46 year old historian is that of secretary general of FEBELCAR, the federation of Belgian body workers.

In the House, Louis Bril was particularly interested in foreign affairs, finance, the economy and the middle classes. Henceforth he will have to become fascinated by high technology and upper level civil servants...

Jan Bascour: a Lion

Tough legacy for Jan Bascour... To replace Annemie Neyts, so charming in her pre-electoral bathroom, when you are well past 60 years old, and you have a farmyard name, when you have earned yourself during a long senatorial career the reputation of a roaring lion, by proposing parity in the municipal councils of Brussels and a language test for mayors in Brussels, things are not very easy. But it is true that this liberal, very well established in his native municipality of Lennik-St-Martin, of which he was mayor until 1982, former professor in mathematics, has seen worse...

Wivina De Meester: Queen of Spades of the CVP

Wivina De Meester-De Meyer (41 years old, married, four children) is one of the most active CVP representatives in the House. One of the most virulent also. Small in stature, quick-witted, and not without a sense of humor. Main battle horse: development cooperation, an area where she persists in believing that the Flemish Community still has not gotten its due. Until the end she had hoped to become minister of that department. However, there is a consolation for her in that there is a Flemish occupant of that position.

As for the two allocations set aside for Wivina -- Public Health and the Handicapped --, they are two subjects she is as well informed about as cooperation. As a matter of fact, she has founded a center for the handicapped in Zoersel, where she is municipal councillor.

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CSO: 3619/11

POLITICAL BELGIUM

NARROW MAJORITY IN WALLOON REGIONAL GOVERNMENT

Brussels LE SOIR in French 13 Dec 85 p 2

[Article by Jacques van Solinge: "The Chips are Down: The Walloon Region will Be Governed "Faction Against Faction"]

[Text] The six members of the new Walloon regional executive committee (three Liberals, three Christian Socialists) were sworn in last Wednesday morning in Namur by Charles Poswick, president of the Walloon Regional Council. Two hours later they held their first meeting, in Brussels this time, and selected a president in the person, as expected, of Melchior Wathelet.

Apparently, the incidents that tainted the installation of the Regional Council and the election of the members of the executive committee can be put into the souvenir drawer and everything has returned to normal south of the Mouscron-La Calamine line.

But the realities could be very different.

The risks of paralysis in regional institutions are, in fact, obvious. It is known that, since the incredible exclusion of Toon Van Overstraeten, the now famous VU [Peoples Party] official at Nivelles, the PRL-PSC [Walloon Party of Liberty and Reform-Christian Social Party] majority has only a very small majority against the PS [Socialist Party]-Ecologist coalition. Which means that the two parties that support the Walloon "government" will definitely have to mobilize all their troops, including those who are sick, before each vote. All the more so, because the Socialists have let it be known that their good will could not be counted on to accept either of the pairings.

However, even in the event the Council had to reject a proposal of the Executive [Committee], the latter would not have to resign on that count. In fact, to replace the team around Melchior Wathelet, it is important that a new majority appear to propose a new list of candidates for the Executive Committee. Now, the Socialists and the Ecologists do not have the 52 votes required, to say nothing of the 53 votes that, according to them, constitute the real quorum.

The risks that such a situation holds for a good government worker in the Walloon regional institutions are obvious.

Trips by Invitation

At the anecdotal level, the fact that the ministers of the central administration intended, during their missions abroad, to respect a clever rule: to choose their traveling companions only from the parliament members directly elected by the electoral body (that is, from those who sit in the Community Council or the Regional Council) when it is a matter of members of the opposition and to surround themselves only by provincial or coopted senators, meaning elected officials excluded from regional or community assemblies, when it is a matter of representatives from the majority.

The solution is amusing. But it is apt to displease the deputies from the administration parties who are all elected directly by universal suffrage. Without mentioning the fact that the PS cabinet has let it be known that all of its members of parliament would be mobilized permanently in order to be able to take advantage of all of the "strings" of parliamentary procedure.

That could produce some rather cute situations in both the chamber and Senate, as well as the French Community Council and the Walloon Regional Council. In the Flemish Council, the situation is a little different since the CVP and the PVV have a considerably broader margin for manuvering, 108 votes to 78.

Does this mean that the future will be black for the Walloon Region and, to a lesser extent, for the French Community? It is still too early to play the little predictions game. Nonetheless, it is true that, contrary to what is happening in most Anglo-Saxon countries, we are not used to seeing power fall permanently into the hands of such a tenuous majority and one that, all things considered, is only an entirely theoretical majority. At least in connection with the Walloon Region.

The Tightrope Walker

Melchior Wathelet was not one of the most ardent defenders of the "faction against faction" strategy that his party president, Gerard Deprez, wanted. But since now he has to sleep in the bed he made, the new president of the Walloon Executive Committee is ready to take up the challenge. It remains to be seen whether he will have the means or whether his role will be that of a tightrope walker with vertigo.

It also remains to be seen whether the young Walloon institutions will stagnate because of the obstinance of the PSC president about translating into reality what was only an election slogan ("It is not time for the Socialists"). At first, Gerard Deprez succeeded in trapping his partners and opponents in the PRL, just like he did his adversaries and rivals in the PS, while believing--or pretending to believe--in the possibility of broadening the base of the Roman blue majority to the ecologists. But history is full of such victories without a future!

9969/12859
CSO: 3619/14

NATIONAL ISSUE SOLUTION SEEN DISAPPEARING

Elections' Outcome

Athens I KATHIMERINI in Greek 25 Dec 85 p 3

[Commentary by Nikos Rolandis, former foreign minister of Cyprus: "The National Cause of Cyprus the Big Loser in the Elections. No Decisive Realignments. Increases the Confusion in Handling of It"]

[Text] There may have been surprises and changes of a certain magnitude, but there were no decisive realignments in the electorate in the latest parliamentary elections in Cyprus. Compared to the last elections, in 1981:

--Kliridis' Democratic Rally gained 1.5 percent.

--The alliance (official or unofficial) of Kyprianou's DIKO with the three cooperating parties of the Center gained 1 percent.

--Lyssaridis' EDEK gained 3 percent.

--AKEL-Left lost 5.5 percent.

These changes may have given rise to some triumphant talk or to some worry. The results may call for dissection and close analysis. There was, however, no rearrangement of the political scene. There were no big victors and no big losers among the parties. There was only one big loser in the elections: Cyprus and her national cause.

Judging from past stands and statements, the new Parliament has a majority of 61 percent in favor of a nationally acceptable, though painful political compromise. In contrast the President and the executive branch have further hardened their position recently. They reject compromise and aim at absolutes. That, furthermore, was the campaign message of the President's party and of the parties of the Center which cooperate with him. So we have gone from confusion squared to confusion cubed.

Quite apart from the above, can a problem like the Cyprus problem, with the political and military givens that characterize it, be solved if we aim at absolutes?

Can we permit ourselves the luxury of continually rejecting documents and compromise proposals from successive UN secretaries general and of ignoring advice from friendly countries?

Is it acceptable to follow a blocking policy ("I neither accept nor reject" or "The secretary general's document is a phantom") while Turkish tanks are rolling across occupied Cypriot soil and while Greece, correctly and objectively, reminds us of the danger of Turkey's seizing all of Cyprus and of the difficulties which Greece faces militarily in defending Cyprus effectively?

Miracles Do Not Happen Any More

What is Cyprus waiting for then? Why does she continually reject? Why does she permit the UN initiatives, one after the other, to be distorted and to drift into oblivion? Why does she not negotiate for a nationally acceptable political compromise, with Greece at her side, while there is yet time?

Is she perhaps waiting for the final seal to be put on the turkification of the occupied soil and for recognition of the Turkish-Cypriot "state" to consolidate the partition?

Is she perhaps waiting for a new Geneva? Where in 1974 she listened to some fine-sounding, patriotic words and found herself with 36 percent of her territory occupied?

Is she perhaps waiting for the Turkish tanks to move before she yields (as has happened in the past) and to lose even what she had left, drawing Greece and Hellenism into an adventure without precedent?

Is she perhaps waiting for some change in the military situation, in an age when miracles do not happen any more? And even if the leadership of the Cypriot state believes in miracles, does it have the right to make the life, the fate, and the future of Cyprus and Greece dependent on such a miracle, contrary to the position of the majority of Cypriot Hellenism?

In 1983 (when we had rejected the "Indicators") Perez De Cuellar reminded us that "the window of opportunity for a solution to the Cyprus problem is closing."

In his memoirs, which were published a few days ago, Kurt Waldheim wrote that in the case of Cyprus, he had led the horses to water but could not make them drink.

Shall we then conclude that the United Nations is now the wrong water for us? Or has there been a mistake with the horses?

Averof Statement

Athens I KATHIMERINI in Greek 21 Dec 85 p 1

[Article: "Written Agreement between Athens and Nicosia on Terms for Resuming Dialog. Revelation by Evang. Averof"]

[Text] A written agreement between Athens and Nicosia stipulates that there will be no dialog between the two communities unless all the troops depart and all the refugees return to their homes.

This was revealed yesterday by the honorary president of ND, E. Averof, speaking to the ND parliamentary group. Commenting on the dialog in Parliament the day before yesterday on the balance of forces between Greece and Turkey (note: more details elsewhere in the paper), Averof made the following statement in order to underline the importance of diplomacy--and not just of armaments--in the relations of two countries between which there are differences.

"The Turks are not, as they are usually considered to be, a people with whom we cannot come to agreement. We have come to agreement with them repeatedly. There have been not only periods of war between us but also periods of friendship and constructive cooperation. Today we have again come to a period of great bitterness which is loaded with threats. We must have the capability to correct the situation and to defend ourselves. That is why I think that our parliamentary spokesman did well yesterday in his splendid speech to say what he did about the relation of forces between Greece and Turkey. But it is not an issue only of arms. It is also an issue of political and diplomatic relationships, an issue of handling, and today that handling is often negative. Thus I have information, which I believe comes from good sources, that Athens and Nicosia have agreed in writing that there will be no dialog between the two communities unless all the troops depart and all the refugees return to their homes. I am not revealing any mystery, since the prime minister has stressed the substance of this repeatedly in official speeches. This, however, means that it is impossible to have a dialog.

"Taken in conjunction with other things which we will not go into here, this means that we are not opening roads to discussion and rapprochement; on the contrary we are cultivating bitterness," Averof continued. "Since I have maintained contacts with various officials in Turkey from when I was minister of foreign affairs, I have the impression that on the other side of the Aegean a fanaticism is being cultivated which will develop in ways we cannot predict and which, if it finds us at a moment of weakness, may lead to unpleasant developments.

"I believe, my fellow MP's, that it will be useful for us to think about this aspect of the issue, and I believe it will be useful for us to discuss this issue again in more detail."

On Cyprus

It should be noted that these views of the official opposition on the importance of dialog for a solution to the Cyprus problem are shared on Cyprus by the two largest parties, which oppose President Kyprianou and possess an absolute majority in the Cypriot Parliament.

12593
CSO: 3521/68

SCHLUTER CONCENTRATES ON FOREIGN POLICY IN YEAR END ADDRESS

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 85 p 10

[Text] In his year end address, Prime Minister Poul Schluter dealt, among other things, with the fears of nuclear war and violence.

The fears of a nuclear war, violence within the society and Denmark's relation to the EC were the main issues discussed by Prime Minister Poul Schluter (Conservative Party) in his year end address on TV last night.

"Avoiding nuclear war is the most important task facing us human beings. That is, at least, the way I feel about it," the prime minister said, among other things, adding, "but we have to realize that the whole thing is not such an easy matter that we may merely tell the West--or the East Bloc-: 'Now, discard all your missiles and do it all at the same time.' The realistic way is to break down the mutual distrust and to build up the confidence that either party will respect the other party's peace and political right of self-determination."

Poul Schluter said that no proof of relaxation will be more credible than the withdrawal by the Soviet Union of its invasion forces from Afghanistan. "We, who ourselves consider our own independence inalienable, should never close our eyes to the inhuman occupation by the Soviet Union of Afghanistan. Since the invasion of that peaceful country by Soviet troops 6 years ago, they have killed hundreds of thousands with incomprehensible and ruthless brutality. No decent human being will be able to make the ludicrous claim that it happened out of regard for the Soviet Union's own security. At the same time, the biggest refugee problem of the world was created."

The prime minister referred to violence as a problem of the society, although only a few take such action. He found it reasonable for assailants attacking unoffending citizens to be quickly sentenced and immediatedly imprisoned to serve their sentences, but violence is not merely a question of criminal law and rules of criminal procedure.

"Throughout the material development of the society in recent decades, we must have forgotten something very essential," he said, adding, "some--especially young people--have, rightly or wrongly, felt ignored, overlooked or have experienced that they did not suffice, and they, then, attacked with their fists and weapons when they wanted to have their own way. We have got to find ways to change that attitude, so that people will see the difference between right and wrong." The prime minister referred to Denmark's attitude toward the EC as the first big task of the New Year. "The other member countries will, undoubtedly, regard a Danish No as a signal that Denmark is then also on its way out of the community," Poul Schluter said, adding, "they will do so because the outcome of the negotiations is so close to the points of view maintained by Denmark. I wonder if we should not admit to our time of visitation?"

7262
CSO: 3613/48

POLITICAL DENMARK

INDUSTRY LEADERS SEE INCREASED EAST BLOC INDUSTRIAL SPYING

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 p 14

[Article by Jens Thomsen: "Increased Eastern Industrial Espionage in Denmark"]

[Text] The Soviet Union has directed its attention to Scandinavia, including Denmark, after the USA intensified its effort against Eastern industrial spies.

A hidden camera, shoes with sticky soles to pick up metallic dust, discarded computer printouts, and illegally exported electronics are among the means which Soviet intelligence people use to procure Western technology. With the intensified effort against Eastern industrial spies in the USA, the Soviet Union in recent years has directed attention more and more toward Europe and, not least, toward Scandinavia and Denmark as target areas for industrial espionage.

Joint Effort with Industry

In the last year the Danish intelligence service has begun an increased joint effort with Danish industry to ensure that foreign industrial spies do not have too easy a time of it.

Director Povl Paulsen of Per Udsen Co. Aircraft in Grenå, where, among other things, parts are made for F-16 airplanes, the Gulfstream III and helicopters, said recently as a warning to other Danish industry leaders that one should reflect better before letting foreign guests in.

"It is a somewhat hard way to live, but that is the way it is," Director Paulsen added.

The Merchants' Guild has brought attention to industry's rapidly rising product development costs, among other things, within the medicine branch, where several years of research and development work can be lost in a few hours if the wrong people get hold of vital production data.

The same holds true for the Danish electronics and computer industry, which in several areas is world-class, and which consequently represents interesting target areas for East Bloc spies.

Uses 15 Billion on Western Technology

"It is a mistake to believe that the Soviet Union is interested only in military technology, which, it is perfectly true, is wide-reaching and touches on fields which would not directly seem to be relevant," a Danish industry leader tells BERLINGSKE TIDENDE. "Espionage can also include production figures, export areas and prices."

The Soviet Union today uses 1.5 billion rubles or 15 billion kroner annually for the theft of Western technology and illegal purchases of electronics from the West, arranged by business people, like, among others, wanted West German Richard Müller, who procured for his government customers in the Soviet Union prohibited goods like computers, microelectronics and other products along the lines of those Danish engineer Bent Weibel tried to procure for the Soviet Union.

Thirty-Five Thousand Items on KGB's List

Today it is estimated that the Soviet Union during the years 1976 to 1980 had accomplished no fewer than 35,000 of the items on the KGB's and the military intelligence service's, the GRU's, want list. The campaign for the procurement of Western electronic equipment encompasses 30,000 individual items or about 400,000 documents.

8831
CSO: 3613/49

DUMAS ON EAST-WEST RELATIONS, MID-EAST, LIBYA

Paris POLITIQUE INTERNATIONALE in French Autumn 85 pp 7-21

[Interview with Roland Dumas, minister of external relations since December 1984, former minister of European affairs (1981-1984), socialist member of National Assembly from Dordogne since June 1981, and author of, inter alia, "Les Avocats," Grasset, 1977, and "Le Droit de l'Information et de la Presse," Presse Universitaire de France 1981; interview by editors of POLITIQUE INTERNATIONALE; date and place not specified]

[Text] Question: Mr Minister, what aspect of your activity has given you the most satisfaction since your appointment as foreign minister?

Answer: The construction of Europe has brought me real satisfaction and a few regrets. The sources of satisfaction obviously outnumber the regrets and can be expressed in a few terms that will be epoch-making: the Fontainebleau accord, the entry of Spain and Portugal into the EEC, the institutional revival, and the Eureka program. A great deal of collective work has already been done, and yet everything is just beginning. Because of this, I regret the fact that this major maieutic situation--into which our entire continent is being more or less drawn by the deep-seated press of history--is either so slightly or so wrongly perceived by our peoples. It is too easy, in my view, to refer to the construction of Europe as a great broken dream. Europe does indeed exist. I am prepared to acknowledge that the politicians in our countries bear their share of responsibility for this misperception. But we must likewise turn to our educators, our journalists, and to the movers and shakers of our economy as well.

Question: Do your concur in the view that detente has failed and was merely a plain Soviet tactic designed to delude the Western camp?

Answer: The difficulty encountered in trying to determine the causes of detente's failure stems from the fact that the United States and the USSR have never given a common definition of this concept. Incidentally, I note that U.S. usage of the term "detente"--one of the elements in the three-phase plan defined by General De Gaulle in 1966: "detente, entente, cooperation"--is not the same as the usage thereof by its author. Before stating that detente has failed, one must realize that this concept, as used in U.S.-Soviet relations, was primarily a "spirit". In any case, however, the substance of this spirit of detente has never been clearly specified. In Russian, detente is simply called "relaxation of international tension." I doubt that this modest term was ever able to encompass, in the Soviet mind, that vision of a world order of security comparable to the one described by Henry Kissinger in his memoirs. Actually, for the Soviets, the equivalent of such a doctrine has always been--in 1972 as in 1985--"peaceful coexistence," which is a very different matter.

Having said this, has the USSR used detente as a tactic? On the one hand, the Soviets have pointed out to the Americans that in signing SALT I and SALT 2, they--the Soviets--had never promised to cease their support of national liberation movements. On the other hand, the Americans felt that the Soviets were violating the spirit and almost the letter of detente. Such opposing views have made the ambiguities of detente obvious to all. In reality, it is somewhat academic to speculate about whether this or that type of behavior conforms to detente. The important point is the behavior per se. For our part, we do not approve of the Soviet intervention in Afghanistan quite simply because of what it is. Be that as it may, we must not forget that this decade has witnessed the signing of the principal arms control agreements which still continue today to codify and stabilize the military rivalry between the United States and the USSR.

Question: Agreed. Yet do you deny that the USSR has a global design?

Answer: You are now asking me to assess intentions. Once again, what really counts in international politics is the actual behavior of nations. That is the criterion by which relations between nations are judged, more than on the basis of secret or avowed intentions. The USSR has global responsibilities. That is sufficient, in my opinion, to characterize its designs.

Question: What strategy, therefore, should Westerners employ toward the USSR?

Answer: It all depends on what one wants to do. For our part, we start from the facts: the existence of the Soviet Union, the specificity of its historical view, its alliances which are not ours, but also its traditional ties--especially with France--which we intend to maintain without complaisance but with a willingness to understand. Indeed, even the current U.S. administration--highly critical of the period of detente--is now taking a pragmatic approach in which firmness does not exclude negotiation.

Question: Let us pursue this point somewhat further, Mr Minister. Do you believe in the possibility, even remote, of a "desatellitization" of the people's democracies in Eastern Europe? And if you do, should the Free World actively encourage this evolution?

Answer: It is my belief that a country's geographical, historical, economic, and cultural characteristics have priority in the long run over its international status of the moment. The generic term "countries of the East" has a more diversified factual basis than it suggests. Czechoslovakia and Poland have lived in symbiosis with the Germanic people for several centuries. Conversely, Bulgaria has traditionally had close cultural (religious particularly) and political ties with Russia. Poland's experience is also different. Even more important is the fact that my contacts with officials of those countries have convinced me of each country's attachment to its own specificity. National sentiments still persist and the uniformity of the regimes has been unable to dispel them.

In my opinion, this diversity is as important for the future as membership in a military bloc, or as the more or less obligatory adherence to a political ideology.

In other words,--and this is what the President of the Republic had in mind when he spoke of a "transcending of the Yalta agreements"--it is only natural that in time the bonds of these natural solidarities will renew themselves. With this in mind we ourselves are continuing to attach the greatest importance to the CSCE process. The latter permits direct exchanges between European countries without the mediation of alliances, but also without precluding the effective play of those alliances. Hence, instead of being the result of this or that policy, the evolution in Eastern Europe will probably be the product of a natural historical process of which the countries concerned will themselves be the prime movers.

Question: Do you believe that technological or economic sanctions are appropriate ways of tempering Soviet ambitions? Or, on the contrary, do you concur with Samuel Pisar, for example, that East-West trade can contribute to a liberalization of communist societies?

Answer: Trade must not be asked to do what it is not inherently designed to do. That is my basic objection to the two types of sanctions you mention, even though either may be useful in a special localized situation.

There is no denying trade's irreplaceable role in establishing everyday relations between manufacturers on both sides. And trade undoubtedly has the merit of being based on the agreement of both parties involved, while ruling out any unilateral advantage. But how can we expect political and diplomatic problems to be resolved in this way, problems which neither politics nor diplomacy have been able to resolve? Actually, to be effective, the two measures you mention would of necessity require that the country in question be extremely dependent--both economically and politically--on its foreign trade. No large country would ever let itself be drawn into such a situation, a situation, moreover, in which trade pressures involving incentives or penalties would no longer be necessary to obtain favorable terms! That is not realistic.

Admittedly, manufacturers do have interests that do not always tally with the foreign policy interests of the countries of which they are citizens. I certainly do not believe that any one has "to sell the rope that will later hang him." But prudence is also necessary in trade matters. But, for goodness sake, let us not seek an economic or commercial substitute for the patient attempt to find political solutions!

Question: Do you believe communism, or its various substitutes, is irreversible wherever it has become established?

Answer: History contains not a single example of a political structure being unalterable, irreversible, or immortal. What men do, men can undo. The course of events usually sees to that.

This common-sense observation does not mean that any particular political regime would be especially "fleeting" simply because it is highly different from the one to which we are attached. As for me personally, I work with and from present-day realities and strive to assess correctly any signs of evolutionary change.

Question: Are you in favor of maintaining a dialogue with the USSR under any and all circumstances?

Answer: Dialogue does not mean approval. Trying to understand and explain does not mean concession. Should one party have to agree with the other before negotiating? I do not believe so. Dialogue between France and the USSR is necessary because our countries are what they are, namely two major powers interested in the settlement of all matters having a decisive influence on world stability, and interested above all in ensuring world peace. As two major powers both situated on the Eurasian continent, it is right, natural, and prudent for them to endeavor to understand each other completely.

I would also remind you that for this very reason our dialogue has never been interrupted in spite of--I could almost say "because of"--our differences. And you know full well that these differences, these oppositions, were and are still manifold, ranging from the Soviet intervention in Afghanistan to the controversies over restoration of the balance of nuclear forces in Europe. Yet this dialogue has never been interrupted because it does not denote acquiescence or complaisance but rather a frank and outspoken exchange of views, even a jarring harsh exchange if need be.

Mikhail Gorbachev's visit to Paris was characteristic of this spirit. This visit neither represents nor portends changes in French policy but only marks a new stage in this constant and frank dialogue. There is no denying, of course, that this stage is a particularly important one, in that it was the new Soviet leader's first trip to the West.

Must we leave it to others to speak in the name of France, or is France mature enough, sufficiently independent and self-confident, to start dialoguing wherever and whenever it deems necessary?

Question: Inasmuch as you have just referred to the changes which have occurred in the Soviet leadership, could you tell us if Mr Gorbachev's accession to power has given you any definite hopes?

Answer: Why not have hopes? The international situation and East-West relations are neither so satisfactory nor so entangled as to preclude our hoping for improvement. The rise to power of a new leader in one of the world's largest countries is always an occasion for profound reflection upon the nature of the relations we maintain with that country. In that case, how can we possibly fail to establish as our objective the improvement not of diplomatic relations but, more basically, of the ties that link us to that country?

The mistake would naturally be to take these hopes for a reality created solely by the rise to power of a new leader. I do not believe that this delusion is as common as you seemingly fear. Great countries have interests, a history, and time, creation of a state. But we also believe that this principle is indissociable from the right of all states, and particularly Israel, to live in peace within secure, recognized and guaranteed borders.

Question: Do you believe the Israelis should agree to negotiate with the PLO even before the latter renounces it charter which, as you know, calls for the physical elimination of the state of Israel.

Answer: We have always maintained that it was up to the parties directly concerned, and to them alone, to determine the form and substance of the negotiation. So do not expect me to tell you what the interested parties should or should not do.

France believes that the PLO cannot be excluded from a settlement that is binding on the future of the Palestinian people. Indeed, we have demonstrated this by maintaining regular contacts with Palestinian representatives, as we do with all parties concerned in the Arab-Israeli conflict. It stands to reason, therefore, that we are aware that mutual and simultaneous recognition is necessary to reach an overall, just, and lasting settlement.

I would point out, in this regard, that by signing the 11 February 1985 agreement with King Hussein, Yasir 'Arafat accepted the principle of the exchange of territories for peace, pursuant to United Nations resolutions, including those adopted by the Security Council. The latter's Resolution 242 and Resolution 338 are unequivocal as to Israel's right to exist. The aforementioned agreement is, therefore, an important step which we hope will move the process forward toward restoration of peace and peaceful resolution of the region's problems.

Question: Do you feel that Israel's restitution of the territories conquered in the 1967 war is the sine qua non for peace in the Middle East?

Answer: The answer to your question is found in Resolution 242 which I referred to earlier. France, with all other members of the Security Council, approved that resolution whose implemention is the basis of any peace settlement in the Middle East. That resolution affirms two principles which I consider indissociable. The first has to do with "the withdrawal of Israeli armed forces from territories occupied in the recent conflict" (war of June 1967). The second covers "respect for and acknowledgement of the sovereignty, territorial integrity, and independence of every state in the region and their right to live in peace within secure and recognized borders." Israel's withdrawal from territories occupied in 1967 is, therefore, a sine qua non for peace in the Middle East. This indispensable condition cannot be dissociated, however, from acknowledgement of Israel's right to exist.

France has always condemned the unilateral measures taken by Israel in the occupied territories. And we have made several representations to the Israelis reminding them of their obligations as an occupation power, particularly where respect for human rights is concerned.

values--an ideology in the case of the USSR--that the personality of their leaders does not take away. Foreign policy is, more often than not, the subject area with the greatest continuity of policy, and this is no mere happenstance.

Nevertheless, personalities do exist. Men do not all have the same background, an identical perception of their country's priorities and limitations. If such differences are manifest, we can try to take advantage of them in an effort to obtain better relations. What would we gain by excluding a priori any possibility of change on the part of our interlocutor? Lucidity does not rule out hope, and vice versa.

Question: Two interrelated questions on Western security: First, do you personally favor the deployment of Pershing missiles? Second, do you view this deployment as the surest way of "recoupling" the defense of Europe to that of the United States?

Answer: The French Government supported the decision of our allies, made within the Atlantic Alliance, to deploy intermediate-range missiles in Europe. President Mitterrand stated unequivocally that the imbalance in favor of the Soviet Union was a situation that had to be corrected. Peace and security do not depend, of course, solely on the balance of forces, but in our view such a balance is a prerequisite.

We do regret, however, that it was not possible to reestablish this balance at a lower level, in other words, through a reduction of forces. Balance, to be sure, but at the lowest possible level!

As to whether deployment of the Euromissiles was the only or best way to prevent "decoupling" the defense of Europe from the defense of the United States, I certainly hope that this question will never have to be answered in reality. Decoupling is actually a political concept as much as a military one, because deterrence works more on people's minds than on the battlefield. Consequently, the controversies around the concepts of decoupling and recoupling cannot ever be really resolved. Yet some arguments are sometimes more powerful than others. And in this particular case, the stronger arguments militate in favor of deployment. My personal convinction is that we must above all ensure the balance of deterrence.

Question: Let us now shift our attention, if you please, to the Arab World. Do you support creation of a veritable Palestinian state having all the prerogatives and powers of state sovereignty?

Answer: We support any solution that will permit all peoples of the region, including the Palestinian people, to achieve a just peace. Such a goal presupposes that the legitimate aspirations of all peoples are taken into account within the framework of an overall settlement of the Arab-Israeli conflict.

We believe, along with our European partners, that a negotiated solution must be based on, among other things, the Palestinian people's right of self-determination, with everything this implies. This can mean, at the proper

Question: In a March 1974 editorial in L'AVENIR SOCIALISTE, you wrote that air piracy "was the only way for the Palestinian resistance movement to overcome international indifference." Do you still feel that way?

Answer: Do not misinterpret me. The words you quoted were meant to be a simple observation and by no means any sort of justification. They were part of an editorial on the problem and published in a review of which I was the political editor.

You must clearly and fully understand that I categorically condemn all acts of air piracy, no matter by whom. I would add that the French Government is one of those endeavoring with the most determination to get specific and concrete measures adopted within the appropriate international institutions to prevent, within the bounds of possibility, any recurrence of such acts.

Question: As you see it, is it still possible to expect a settlement of the Lebanese problem under the aegis of the United Nations?

Answer: France believes that intervention by the international community would constitute the most appropriate way to put an end to the Lebanese crisis whose origins were of an internal character but which external interventions have greatly aggravated. It was with this in mind that, in February 1984, our country recommended replacing the multinational peacekeeping force by a United Nations force. As you know, this solution was rejected by the Security Council because of a Soviet veto.

Events in Lebanon following the Israel withdrawal were a further demonstration of how really difficult this problem is. Action by UNIFIL [United Nations Interim Force in Lebanon] to restore peace and prevent other disasters could have been conceivable, either under the terms of a new mandate issued by the Security Council, or on the basis of Resolution 523 which assigns a humanitarian mission to UNIFIL. We did try perservingly to gain support for these ideas, but in the absence of a request from the Lebanese authorities and a minimum of agreement between the interested parties, referring the matter to the Security Council would definitely have been futile, inasmuch as the Lebanese Government and some Security Council members consider that, pursuant to Resolution 425, UNIFIL must limit its action to "confirming" the Israeli withdrawal. We could also--I repeat--have conceived of a humanitarian type of intervention on the basis of Resolution 523, but the United Nations secretary-general felt he was unable to make such a decision.

Hence conditions do not seem conducive to intervention by the international community. Nevertheless, the absence of any alternative prompts us to preserve in this approach.

Question: You are certainly optimistic! Another question: does the presence of Syrian forces in Lebanon appear to be irreversible to you?

Answer: Syrian forces entered Lebanon at the request of the Lebanese authorities and have remained there ever since with the tacit or formal agreement of those authorities. Damascus has always stated it intends to withdraw its forces when Israeli intervention ceases and internal peace is restored. Moreover, Syria did appreciably reduce its military presence in Lebanon after the Israeli withdrawal. Of course, the only conceivable option for Lebanon is, in my opinion, the "Lebanese option." I am fully aware, however, of Syria's influence in the region and the special character of Lebanese-Syrian relations. But, once again, it is up to the peoples concerned--and up to them alone--to say whether these ties should or should not be strengthened.

Question: Does France intend to take concrete measures to protect the Christians in Lebanon?

Answer: France quite obviously has special--but not exclusive--ties with Lebanon's Christians who form the community which is closest to our values and has been open to French culture the longest. Accordingly, we attach the greatest importance to maintenance of cultural and communal pluralism with due respect for the country's political unity. We consider that the Lebanese Christian community is entitled, like the country's other cultural families, to respect for its freedoms, its particularism, its beliefs, and its traditional home areas.

Unfortunately current conditions are anything but what we wish. This year's events in the Saida region and the Christian enclave of Iklim el-Kharroub, following as they did the appalling massacres in the Chouf Mountains in 1983, show that, in some cases, Christians in southern Lebanon continue to be in a life-threatening situation. Such unconscionable tragedies constitute the most serious threat to Lebanon. They create an insurmountable gulf between the various communities and are liable to bring about a partition of the country, with all of its patently disastrous consequences.

Lebanon's survival is, therefore, linked to the survival of all its constituent communities. This means that the best guarantee for the future of Lebanese Christians lies in the reconciliation of the Lebanese people on the basis of a new formula of coexistence acceding to the legitimate concerns of one and all. Such is the solution we are tirelessly urging all our Lebanese friends to adopt. That is why we persistently support anything that can reunite them. I made a point of going to Lebanon on my first trip to the Middle East. I crisscrossed that country, meeting with Christian dignitaries and Moslem dignitaries as well.

Question: Do you think that France should maintain relations with Iran notwithstanding the nature of "Khomeyniism"?

Answer: I am certainly not about to go into a discourse on the nature of what you call "Khomeyniism". I prefer to leave that task to the experts on Islam.

On the other hand, we cannot help but take note of the studies and commentaries on that major phenomenon produced by the revival of religious feelings and, in particular, by the influence of Moslem dynamism. This phenomenon is absolutely fundamental to an understanding of this end-of-century era. But states and the relations between states continue to stand in the forefront against this general backdrop. From this standpoint, I shall answer your question by simply saying that France maintains relations only with states and that there is no reason why it should act differently with Iran. Iran is a large country whose revolution we hailed, at the proper time, and with which we wish to maintain normal relations.

Question: Under those circumstances, how can you reconcile our support of Iraq with the possible maintenance of good relations with Iran?

Answer: You are quite right in not posing the question of France's relations with Iraq and Iran in alternative terms. Our country has not chosen between the two belligerents in that particularly bitter war. Moreover, France is not predisposed to make such a choice. It so happens that, for the past 10 years or so, successive French Governments have implemented a policy of diversified cooperation with Iraq. This policy, designed to last, has been enhanced by a highly positive political dialogue which is especially positive in that Iraq is an essential center of stability in the Middle East and the Persian Gulf. Of course, our friendship with Iraq cannot be exclusive. At all events, it is not directed against anyone in a region where France has many friends. I even believe that this friendship could prove useful in the search for a just and lasting overall settlement of the Iranian-Iraqi conflict.

It is true that our relations with Iran have deteriorated. The French Government, for its part, has never wanted this deterioration and has always carefully sought to preserve and protect the future. On this point, however, it is comforting to note that the extremely deep-rooted and ancient bond uniting the French and Iranian peoples has never been broken, so strong and abiding is the interest they take in each other. Lately, there have even been signs that augur well for our future relations. Nevertheless, I reiterate that we must not close our eyes to the fact that both countries still have a long way to go and will each have to do their share.

Question: Contrary to the promises made at Tripoli, Libyan troops have remained in northern Chad. Do you think that France was duped? And what measures do you plan to take to get Libya to fulfill its initial commitments?

Answer: You will have to excuse me if I go into some detail on this ticklish issue. In July 1983, Libyan troops were making steady inroads upon Chadian territory. They did not halt their advance until forcibly pressured by "Operation Manta" launched in early August. At that time, we warned the Libyans that if they were to cross the 15th, then the 16th parallel, we would consider it an act of war.

While military operations were thus stymied, diplomats were doing their utmost to have the Libyan authorities accept the following twofold analysis of the situation. First, France had made commitments to certain African countries, including Chad, and it firmly intended to fulfill those commitments. Libya's possible designs upon Chad would, therefore, lead to a confrontation with France, the results of which were liable to be disastrous for all concerned. Second, if Libya, like France, wished to encourage national reconciliation in Chad, both countries had to display exemplary good judgement and moderation by both withdrawing simultaneously from Chadian territory and encouraging the dialogue between Chadians.

The agreements signed in Tripoli on 16 September 1984 by Messrs Cheysson and Triki, were based on this view, largely shared, so it seemed, by the Libyans. The agreements called for the total withdrawal of all foreign troops within a period of 2 months, with this pullout to be monitored by observers.

We had hoped that talks would take place between the Chadians concurrently with the withdrawal. It seems, however, that Tripoli did not exercise its influence on the GUNT [National Union Transition Government] with all the vigor we had expected. Be that as it may, after having ascertained that the Libyans had actually initiated large-scale withdrawals northward, and we ourselves having conducted an orderly redeployment of our troops, we agreed to publication of the joint communique dated 10 November. This statement announced that the disengagement operations had been completed. Hence this represented the final act of the antagonism observed during the preceding 15 months. The communique also expressed the joint desire to normalize French-Libyan relations.

Shortly thereafter, we noted, however, that all Libyan troops had not left Chadian territory. Consequently, at President Mitterrand's meeting with Colonel Qadhdhafi in Elounda, the French chief of state told the Libyan leader that normalization of relations between the two countries remained dependent on complete withdrawal of the Libyan troops.

Since then, I have had the opportunity to reiterate this personally to Colonel Qadhdafi and inform him that we do not accept the current situation in northern Chad.

Now, were we duped? No, if you refer to the actual presence of Libyans in a friendly nation. No, if you refer to the continuation of national reconciliation efforts which, even though they have not yet achieved success, do, nevertheless, exist and have made real progress possible. President Hissein Habre's tours throughout the Chadian provinces and the multiple contacts he has established in different African capitals attest to this progress.

I hope that the efforts of all interested parties, including those of the African chiefs of state who are friends of Chad, will rapidly pave the way for a lasting solution. The latter lies in respect for the unity, sovereignty, and territorial integrity of Chad, free of any unwarranted foreign intervention.

Question: Let us now change continent, Mr Minister. Do you have any particular misgiving about the Vietnamization of Kampuchea and the establishment of Soviet military bases in Vietnam?

Answer: Excuse me, but the Asian situation is not limited to what you call the "Vietnamization" of Kampuchea or to the installation of a Soviet base at Cam Ranh Bay. Asia is also the continent of the future because of its great influence, its population dynamics, and its accelerated development. Asia is successfully pursuing its economic takeoff while underdevelopment and hunger are playing havoc with Africa, and the financial crisis has checked Latin America's progress.

The successes scored by the ASEAN countries, by India which has successfully achieved self-sufficiency as far as food is concerned, and now by China, are all factors ensuring that region's stability. This stability is also dependent on social justice and respect for human rights, both of which we promote wherever they are threatened.

For more than a century, our country was present in Indochina. For that reason, we are interested in a peaceful solution to the Kampuchean conflict which has now lasted more than 6 years. There is no solution to that conflict other than the diplomatic one. Our action has that end in view. The French Government condemns the occupation of Kampuchea by Vietnamese troops. It will continue to do so. But France's historical and cultural ties with the former states of Indochina place our country in a somewhat peculiar position, in that we have long-standing relations with Vietnam while French nongovernmental humanitarian organizations are doing their utmost to ease the strains of war upon the Kampuchean people. Countries in the area, particularly the ASEAN countries, thoroughly understand this. They know they can count on our diplomatic support in the search for a negotiated solution to this conflict.

Question: To conclude, we would like to ask you in what way French foreign policy, as pursued since May 1981, differs, in your view, from the policy followed throughout the preceding 23 years.

Answer: I do not think that there was only one single foreign policy during those 23 years. France changed during that period. The world changed. We had a succession of government leaders during those years. The policy conducted by General de Gaulle was marked by development of the French nuclear program which had actually been initiated by Pierre Mendes-France. Giscard d'Estaing considerably modified the initial defense doctrine and took positions on major world issues that greatly differed from the positions adopted by his predecessors. I refer, of course, to such issues as relations with our partners in the European Community, East-West relations, and international economic questions. The policy followed since 1981 has, to be sure, changed what had previously been done. It has introduced new elements, but the understanding of France's geostrategic position has not varied. That understanding is a must for all French governments. To answer your question in more specific terms, I shall personally limit myself to three new policy orientations.

The first has to do with France's integration into the world economic system. The oil crises, export trade successes, the opening of our domestic market, are all factors that have profoundly changed French industry and agriculture, and, as a consequence, our external relations. Our predecessors had been conscious of this but had not always drawn the proper conclusions. That is why the present government attaches such importance to relations with the Third World. Solidarity with the poorest countries is a moral obligation. It is also a fundamental economic necessity for our country's future. Such solidarity is now one of the main directions of our foreign policy.

The second new orientation concerns the construction of Europe, a process that had bogged down in a succession of summit meetings. This process has now accelerated since the Fontainebleau meeting which made it possible to settle matters that had been hanging fire on the ministers' agenda, some of them for approximately 10 years. Today, the way is clear for new initiatives like the construction of a Europe of technology or construction of a political Europe.

Lastly, in the third new main foreign policy direction, emphasis has been placed since 1981 on respect for human rights everywhere in the world. France has now become, once again, the "natural locus" for the debate on human rights. This had been somewhat forgotten in the past. I am proud that the government to which I belong places this subject again in the forefront of its priorities.

8041/9869
CSO: 3519/84

ACCORD WITH ALGERIA LEADS TO NEW RIGHTS FOR IMMIGRANTS

Paris LIBERATION in French 28 Nov 85 pp 14-15

[Article by Jean Quatremer]

[Text] Algerian immigrants are going to be happy: More than 18 months after other immigrants, they will finally receive the famous "single 10-year card." This right, granted in July 1984 to foreigners residing in France for over a year (along with their families), enables them to have a residence visa valid for 10 years that is automatically renewable. Algerians had been excluded and absolutely legally, for a reason: For 18 years, they have not had the same status as other immigrants because their administrative status was defined by the French-Algerian accord of 27 December 1968, which in fact granted them a "privileged" standing.

With the so-called Dufoix law of July 1984, this enviable situation was immediately reversed and Algerians found themselves at a disadvantage in France compared with other immigrants. This untenable situation resulted a year later -- amidst the greatest secrecy -- in a series of negotiations between France and Algeria. They led to an agreement a few weeks ago that should soon be signed by the two governments. Barring last-minute changes, the largest foreign community in France (nearly 800,000 persons) will soon enjoy the greatest stability on French territory.

The reason for the renegotiations is simple, legally speaking. It was impossible to issue a new status to Algerians insofar as their status in France was the fruit of a treaty, the famous accord of 27 December 1968. According to the constitution, a treaty has greater validity than any internal law.

Two paths were therefore open to the French Government: either an outright denunciation of the 1968 accord, which would be delicate, if not impossible, politically and diplomatically, having the effect of subjecting Algerians to the law or July 1984; or renegotiation of the terms of the treaty. It was the second alternative that was chosen. One thing is certain: It was necessary to resolve a situation that was unique in the history of immigration: A treaty provided a status less favorable than common law!

Below Common Law

When it was signed in 1968, that French-Algerian treaty was obviously aimed at strictly opposite purposes. Supposed to grant Algerians priority, it provided, in particular, for the immediate issuance of a "residence certificate" for 5 years, equivalent to authorization to live and work upon mere "proof of employment." Clearly, the administration had to issue the visa if the Algerian had a job. No authorization was required.

In fact, the government never actually admitted that the Algerians would enjoy a preferential status and constantly balked at applying the accord. As a result, the Algerians suffered the greatest number of administrative obstacles: They would sometimes be confronted with the "employment situation" (perfectly illegal), or they would be given whimsical certificates or none at all, and so on. Curiously enough, it would be necessary to await passage of the Dufoix Law in July 1984 so that the administration would suddenly rediscover the virtues of the 1968 accord, which would then be applied to the letter. Talk about discrimination!

The fact is that the law of July 1984 clearly placed Algerians below common law. For them, there was no "residence card" permitting them to escape administrative red tape and the discretionary power of office workers. Nor was there any certainty of ever seeing their stay questioned, even if they were unemployed (deportation remained possible). The new beneficiaries of this new privilege are now many: nearly all the present immigrants in France legally for over a year, or a total of over 2 million foreigners.

For 18 months, the Algerians have not had the right to automatic renewal of their residence visa. The duration of the certificate can even be reduced to a year with the first renewal if the Algerian national has been unemployed for over 12 months. At the end of the period and if there is no new job, it is always the forced return to Algeria that is imposed. Last but not least, the certificate of residence can be withdrawn if the Algerian immigrant leaves France for over 6 consecutive months (these two cases of the denial of renewal and withdrawal were eliminated in October 1981 and May 1982 for the general system). One could go on and on listing the disadvantages inherent in being subject to the 1968 agreement.

These disadvantages seem to have been ended by the French-Algerian negotiations that began in July, according to the terms of an agreement that reportedly came to fruition several weeks ago. The agreement should not rouse any opposition protests: The law of 17 July 1984 that created the "single card" was unanimously passed (RPR, UDF, PS, PC).

Two Statuses

Whatever the case, this new treaty should provide for two statuses: a certificate of residence for 1 year and another for 10 years. All Algerians now residing in France legally will be endowed with this 10-year visa providing authorization to work and being automatically renewable, like the common law residency card. This certificate of residence will be legally issued to the same persons as those receiving it based on the law of July 1984 (legally issued in nine cases, particularly for the foreign spouses of French nationals or for political refugees).

But the new treaty does away with one bizarre feature: Previously, it had been provided that only Algerians with an "Onamo card" issued by the Algerian Government had the right to enter France in order to seek salaried employment. But following the racist attacks of 1973 that caused several deaths in the Algerian community of Marseille, the Algerian Government suspended issuance of the card. The result: Algerians could no longer enter France, legally at least, seeking salaried employment. This was curious because only Algeria had the possibility of suspending immigration; not France.

Henceforth, Algerians will be subject to common law, with this procedure done away with. In other words, if France once day opens up its borders again, Algeria will not be able to oppose the coming of its nationals.

Furthermore, the family grouping of Algerians will be subject to the same conditions as under common law. Only the procedure of introduction is provided for, while previously, the procedure of regularization was also possible. Clearly, the Algerian wishing to bring his family will now have to request the same and fulfill the drastic conditions required. But one should not exaggerate the scope of this innovation: The far-seeing administration was already applying the accord as it would later be modified, in 1968, requiring that Algerians follow the introduction procedure.

Repatriation for Laziness

Finally, Algeria demanded that Article 10 of the agreement not be eliminated, contrary to the desire of French authorities. That article provided that "residence certificates may be withdrawn from Algerian nationals considered to be idle based on the fact that they are in France without employment or resources for over 6 consecutive months. They may be repatriated by the French Government (...)."

During unemployment, the provision may be of formidable efficacy. Repatriation, little applied previously, unlike the denial of renewal and withdrawal of the residence certificate for "laziness," is a sanction that only affects Algerians. The administration makes the decision and the immigrant is taken back to Algeria *manu militari*, without any procedural guarantee. It is outright "economic extradition." It would appear that Algeria is anxious to recover its "idle nationals." But this measure will not apply to persons enjoying the legal certificate of residence.

With the signing of this new agreement, in the form of exchanges of letters between the two governments, and its publication, Algerians will have nearly the same rights as other foreigners. But there is one substantial difference: If the right, if it wins in March 1986, can abrogate the law of 17 July 1984 which it nevertheless passed, it will have to negotiate with Algeria to modify the new 1968 agreement. And it will not be that easy.

11,464
CSO: 3519/50

'NEW SYNDICALISM' PROPOSED BY CGC LEADER

Bordeaux SUD-OUEST in French 15 Nov 85 p 4

[Interview with Paul Marchelli, secretary general of the CGC, at Perigueux, date not given; by Alain Lemaine]

> [Text] The secretary general of the CGC [General Confederation of Management Personnel] is here in Perigueux this evening and tomorrow to take part in a dinner-debate. In an interview with SUD-OUEST, he evokes the "New Syndicalism" and the prospects for an alternative political trend.

[Question] Several days ago you launched the "New Syndicalism." Is this just another gadget?

[Answer] Not at all. It is a new stage in a long series of moves. Do you remember the position of our management people in 1980? We had noted then that management was evolving and beginning a deep reflection on the search for a new identity.

This evolution, begun in the 1970's, caused management to become oriented toward a policy of encouragement rather then one of command. A real cultural revolution came about, which led management to turn its back on the traditional, military-style organization which was the working model for the business enterprises. At the same time, individual aspirations for growth and recognition of responsibilities emerged.

The CGC has taken this evolution into account. It has noted also that management is no longer a social class bent on the defense of its categorical interests around the hierarchical triptych of salaries-retirement-fiscal matters.

Today's management has the will to formulate answers to all the big problems which preoccupy the nation: industrial redeployment, the future of business enterprises, the increase of productive capacity, conditions and forms of social progress.

[Question] But, concretely, how are you going to adapt your syndicalism to these changes?

[Answer] We are turning our backs resolutely on the past. The business enterprise, as it exists, is not the core of the economic and social base which will permit us to win the battle of the future. We must have an enterprise "of a third kind," in which the convergences between representatives of capital and wage earners can be defined. The touchstone of the new syndicalism is the search for a partnership between these two great forces which have confronted each other in the past.

It is indispensable, if we want our business enterprises to be self-financing, to pay off our obligations, to invest and, in sum, to free the surplus wealth which will permit us to win the battle against unemployment.

[Question] Considering the public's resistance to change, it is a risky step, all the same.

[Answer] It is true that the greatest risk would be that the world of management could remain tied to the 19th century. That is why the presence of recognized unions is particularly indispensable.

We want the state, for example, to turn over to its partners some slots with responsibility, by giving up, for instance, its administrative authority to dismiss employees, but on condition that these management slots be filled by the corporate partners and not just by the owners of the business enterprises. For example, we believe that one could dispense with administrative authorization to dismiss employees on the sole condition that two representative union organizations actually be present in the business enterprise.

But that brings us back to square one. Experience proves that if we are content to claim only a single corporate responsibility, we condemn ourselves to participating only as corporate work-horses. We would like to progress toward economic co-responsibility, which implies participating in decision-making at all levels.

[Question] How do you envisage the prospects for a political alternative?

[Answer] It could result in stumbling-blocks as well as in progress.

First, a retrogressive and conservative behavior by the new majority which, giving in to pressures from the most reactionary fringe of the employer class, would try to annihilate the unions. This would lead to the formation of a social front and a period of social destabilization which would add to the economic difficulties.

Second, a new majority conscious of the wishes of certain organizations--the CGC as well as the CFDT [French Democratic Confederation of Labor]--to participate in the social and economic progress and to work for the establishment of this third type of enterprise to which I refer. It would have a pretty good chance of success, even if the CGT [General Confederation of Labor] and the FO [Workers Force] continue to try to prevent it.

The politicians have the ball in their court. If they deceive themselves along the way they will be up against us. However, we have on several occasions pointed out that our influence, particularly just before elections, is not something to be brushed aside.

8735/12859
CSO: 3519/54

STOLERU GIVES REASONS FOR LEAVING REPUBLICAN PARTY

Paris LIBERATION in French 23 Dec 85 p 4

[Interview with Lionel Stoleru, Valery Giscard d'Estaing's former secretary of state by correspondent Fabien Roland-Levy: "Stoleru leaves the PR [Republican Party] from the left and runs Straight to Barre"; date and place not given]

[Text] [Question] You are in the process of leaving the PR, why?

[Answer] When I began to play an active role in it--at the time of the arrival of Francois Leotard--I thought that the PR had three benefits. The party claimed to be democratic. It appeared to represent various opinions and it had the advantage of allowing supporters of Barre and Giscard to coexist. I am leaving it because it has lost these three qualities and I am going to join the direct supporters of the UDF.

[Question] Democratic, pluralist and Barre-Giscard: when and how has the PR lost these characteristics?

[Answer] I had my initial doubts about democracy in the movement when the politburo reported through the press that Alain Madelin had been promoted to "number two" in the PR. These doubts only grew worse when I was surprised to find out that they had selected to symbolize the republican party a poster campaign where Francois Leotard appeared, surrounded by three arbitarily chosen persons: Douffiagues, Longuet and Madelin. Now these three exclusively represent the party's right wing. This extremist wing has expressed itself for some time to the detriment of other views. It expressed itself, in particular, through Alain Madelin, the spokesman of the furtherest right, most utopian and authoritarian wing of our party.

[Question] You do not seem to be fond of Alain Madelin?

[Answer] Madelin is the Laignel of the opposition. He replaced the socialist principles before 1981[1] with the liberal creed of 1985. Since the republican May ([1]During all the month of May 1985, Francois Leotard accompanied by Alain Madelin traveled all over France, in meetings and dinner discussions to promote the liberal cause. Alain Madelin began to be very important in the PR at that time), Madelin talks like he was the master of the house and he seems to want to kick out Leotard. The takeover of power by the right wing is obvious. It is hardening PR doctrine and is restricting its field of maneuver. It is a suicidal step. The proof of it is that Francois Leotard's stock is beginning to drop. What Raymond Barre diagnosed as the "development of a rightist ideology" is taking place in this party. I spent some happy hours there with Francois Leotard, but I no longer have anything to do with it.

[Question] According to you, who started this rightist drift?

[Answer] Ideologically, the speech of Jean-Marie Le Pen spread all over and PR policy deviated, on one hand toward ultraliberalism, which only 10 percent of the French support at the most and on the other hand toward extremist talk about immigration. Even Leotard allows himself to be influenced and praises the extremist works of Alain Griotteray on the question. It was a major error to follow Le Pen's lead. However that is what is happening in the PR.

[Question] What do you think about coexistence in the party between supporters of Giscard and Barre?

[Answer] It is becoming more and more difficult to maintain the position of the Barre supporters[2], especially before Michael d'Ornano's machinations. ([2]Michel d'Ornano, Giscard's right arm, PR leader for the nominations for the March elections, favored access to the slate of Giscard supporters. Last week he tried to force on PR candidates signing of a pledge to support the coexistence government during the next legislature. This led to a public protest of the Barre supporters.) I wonder how long Barre supporters like Charles Millon or Francois d'Aubert will still be able to hold out.

[Question] That has not always been the case, but you now seem to distrust coexistence and its supporters?

[Answer] Yes for beyond internal bickering, what matters is not winning 1986--which is already won--but thinking of saving votes for 1988. Now the prevailing demagogy is leading us toward a situation similar to that of the left in 1981: with these methods we will win with 60 percent of the votes and we will not have more than 30 percent of the voters with us 6 months later. Election capital, like saved capital is more difficult to preserve than to amass.

[Question] You speak like Barre. Have you decided to move bag and baggage into his camp?

[Answer] Yes. In the present situation, it is Barre's voice, which expresses best common sense and responsibility: as long as one has not won the presidential election, one does not govern France. And it is also true that the economic management of the country is very difficult in the present era and you cannot entertain yourself during a frantic coexistence of 2 years, playing three cushion billiards, when the other countries will go forward.

[Question] What do you think the economic situation will be in the next 2 years?

[Answer] The outlook has changed a great deal in these last 3 months. The world economic situation offers us an extraordinary opportunity which it would be criminal to waste. The OECD"s economic forecasts are rather favorable. The experts have taken into account two factors in the world situation: The drop in the dollar and the "Baker plan" on the Third World debt. Two other positive elements have appeared since. The OPEC agreement which has already caused a drop in the price per barrel and the Gramm-Rudman Law, scheduling an automatic reduction of the American budget deficit. These factors indicate a favorable world situation and we have an incredible advantage in the coming years. This is why the government between 1986 and 1988 will not have any excuse, if it fails. I also fully agree with Raymond Barre: It is necessary to attack the presidential problem immediately, thus the government will have elbow room to tackle the rehabilitation of the country.

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CSO: 3519/79

MADELIN DEFENDS REPUBLICAN PARTY AGAINST STOLERU CHARGES

Paris LIBERATION in French 27 Dec 85 p 7

[Interview with Alain Madelin by correspondent Fabien Roland-Levy: "Alain Madelin: the Great Liberal Evening is not for March"; date and place not given]

[Text] [Question] To justify his departure from the PR [Republican Party], Lionel Stoleru explained that this party is no longer democratic or pluralist or balanced between Barre and Giscard supporters.

[Answer] The republican party still has all these qualities more than any other--and it is this which creates the problem: the PR is a liberal party.

[Question] You called Barre one day a "cool liberal". Is not the PR a little bit too liberal for the Barre supporters?

[Answer] I do not want to argue with Lionel Stoleru. I have one principle: I do not shoot against my own camp. Nevertheless the parties of the right have served too often as a springboard for personal political ambitions--moreover, often legitimate--but which are not based on convictions.

[Question] What about the lack of internal democracy?

[Answer] Discussion is completely free in our various organizations. Moreover, I inquisitively studied the files of our politburo of which Lionel Stoleru was a member. I did not find any trace of important differences on his part, except one. It was in July 1984, when Laurent Fabius was appointed prime minister. Stoleru had then proposed that we accept Fabius' false reconciliation proposals and had considered that we study the further possibility of a change of alliance. He did not want us to be eternally connected with the RPR and desired us to consider a rapprochement with certain socialists. There was in fact a fundamental strategic disagreement there between him and us. You see how far tolerance and freedom of expression go inside the PR.

[Question] It is said in the PR that the only reason for this withdrawal was that he did not obtain any places on the election slates. He answers that he was not nominated because he did not follow the party line.

[Answer] Lionel Stoleru is quite an admirable person: he has shown great courage, because there for many months he thought the PR was an abomination...and he managed to keep quiet, while only displaying a single ambition in these recent months: bearing the insignia of this party in March 1986.

[Question] Consequently, according to you, he is only a disappointed opportunist.

[Answer] I do not want to argue with Lionel Stoleru. I have one principle: I do not shoot against my own camp. Nevertheless the parties of the right have served too often as a springboard for personal political ambitions--moreover, often legitimate--but which were not based on convictions.

[Question] What is wrong with a politician wanting to become a deputy?

[Answer] Nothing and I suggest you go question those in charge of the election files, who scrambled to find a place for Stoleru.

[Question] He called you the "Laignel of the opposition"...

[Answer] Ah yes, I am a repugnant Laignel and if Stoleru had found an election slot I would be a likeable Santa Claus. Once again, some are inclined to consider political parties as machines to distribute nominations. And this is why the PR leadership proceeded to get the new candidates in March to sign a pledge (The PR candidates for deputy marched Monday into the office of Francois Leotard to sign a "pledge" to respect certain rules for the period after March 1986. A version of this pledge circulated last week in the assembly. A paragraph stipulated absolute support for any coexistence government, which led to a protest by the Barre supporters in the PR who oppose coexistence.) The proof was shown with this affair that it was not in vain to remind those who are going to join us that they were bound to the PR by a certain number of convictions and by a freely accepted discipline.

[Question] Explain to us what this "pledge" exactly involves. Does it mean supporting a coexistence government against wind and tide?

[Answer] Of course, not! Do you see me pledge myself in this way? I can assure you that the version of the text to which you refer is not in any case a production of a PR leader, neither Leotard, Ornano or myself. The pledge which was signed Monday, was simply to stipulate two fundamental principles, connected with the governing agreement signed on 10 April by the UDF and the RPR. In the first place: not to support a compromise government, whether with the National Front or with a Mitterrand salad in the center. In the second place: to pledge a return to majority vote after March.

[Question] Let us return to the charge made against you. They exclaim "idealist," "dogmatic" and "ultraliberal."

[Answer] Some find the PR too liberal and this is all the better. However, we are not mistaken. No one in our party imagines that the great liberal evening will take place in March 1986. It will take a great deal of time to make France a liberal democracy. The republican party is taking part in a long march.

[Question] When you are starting out on a long march, is it not better to know where you are going?

[Answer] As a political party we are called upon to be involved in a great cultural change which is characterized generally by a return to the individual, that is a movement from authoritarian ideas to liberal ideas. But this change obviously meets resistances. We have facing us the authoritarian conservatives who have borrowed socialist ideas and who have not returned all of them. And consider all the statist nomenclature which does not want to return to individuals the rights confiscated by the state. There are also false liberal solutions--such as the positions against trade union monopoly or social security at two levels--generally advocated by liberal neophytes, which would have very harsh consequences for French society. Those arguments provide the criticism against a so-called liberalism on our part.

[Question] Then when will the victory of liberal thought take place?

[Answer] At least a generation. The movement of ideas--it is obvious--generally foreshadows political movements, but the maneuvers of governments are difficult obstacles to overcome.

However, I perceive some signs: for example, no one advocates any longer today that the state must produce automobiles. On the left, we also see the movement of the return to the individual, among authors like Laurent Joffrin or Jacques Julliard, namely. The conventional right-left cleavage is beginning to crack before another cleavage: authoritarians (of the right or the left) against liberals (of the right or left). There will necessarily be an extensive redistribution of the cards in the medium term. And the republican party, which is at the center of liberal ideas, is well situated to win liberal feelings on the right as well as the left and to benefit from future regroupings.

[Question] You will not have many people on the left as long as you continue to discuss some subjects like immigration.

[Answer] We have a historic mission to get the conservative camp to move toward liberal ideas, especially on subjects like immigration. But it is not easy to make abstractions about the facts of our electorate. I regret that the subject has become an election issue. I must be cautious, which does not prevent me from criticizing some positions, like that of Poperen who does not leave immigrants any other choice but assimilation or departure.

[Question] And what about the positions of Griotteray in his book "The Immigrants, the Shock"?

[Answer] I do not agree with all his analyses. Thus I do not think that immigration should be a subject of referendum. We would not have anything to gain in matters of public and individual freedom.

8490
CSO: 3519/79

POLL FINDS MAJORITY FAVOR U.S. PAYING FEE FOR BASE

Reykjavik MORGUNBLADID in Icelandic 12 Nov 85 p 2

[Article:"Public Opinion Poll in Arnessysla, Large Majority Want U.S. military to Pay Rent for its Base"]

[Text] It emerged from public opinion poll carried out by the Arnessysla cell of the Progressive Party in an electoral district meeting of Sudurland Progressives last week that 41 representatives at the meeting were in favor of having the U.S. military pay rent for its base in Iceland. Some 23 were against. Of the rest, 3 answered "it does not matter" and 5 failed to answer. There were 100-120 persons at the meeting and two-thirds of those present took part in the poll, according to Gudni Augustsson, chairman of the electoral district council.

There were also questions in the poll about the positions of respondents on the garrison force and regarding the government. Of those participating, 10 said that they were in favor of the presence of the U.S. military in Iceland; 51 were opposed, 6 said that "it did not matter" and 5 failed to answer. Gudni Agustsson said that it is difficult to interpret the results of the poll, since it might be said that all those who feel that it is necessary for the garrison force to be in Iceland could still have answered "no" to the question.

Also asked in the poll was: "Are you satisfied with the activities of the Icelandic government?" Of those responding, 7 said "yes," 23 answered "no" and 41 said that "it does not matter."

These results were presented to Prime Minister Steingrimur Hermannsson: "I am astonished that people wish to require the payment of rent by the garrison force for the right to be in Iceland. I am opposed to having the nation sell itself in this way. On the other hand, I am in favor of the garrison paying full value for the services that it receives in Iceland. For much of what the garrison force brings into Iceland, for example, they should pay Icelandic customs duty," said Hermannsson.

"That so many should be against the presence of the garrison force in Iceland also surprises me and that is not in conformity with the decisions of the Progressive Party at present or with other public opinion polls. I wonder if

Progressives wish to disturb the balance of power in the world while very important discussions are under way on disarmament. I regard the results of the poll as little more than wishful thinking. We all dream that the day will come sooner or later when the garrison force will no longer be needed.

"I am not, however, surprised about positions on the government. I would have answered 'it makes no difference' like the vast majority did in the poll. It is impossible that all could be happy with everything the government has done, whether in terms of the garrison force or something else. I could mention a number of things I am dissatisfied with," said Icelandic Prime Minister Steingrimur Hermannsson.

9857
CSO: 3626/0008

POLITICAL ITALY

TEXT OF CRAXI'S REPLY TO SENATE SUPPORTING COALITION

Rome AVANTI! in Italian 9 Nov 85 pp 2-3

[Text] It is my duty to thank all those, who, during the debate, expressed their appreciation, wholly or in part, for the line of conduct and for the decisions the government took in the course of the difficult events we experienced, that is, the problem of the "Achille Lauro" hijacking.

This morning I wish to give a political reply and nothing more; that is, I will try to provide the clarifications that have been requested from many sides, more with regard to the debate and the conclusions of the debate that took place in the Chamber of Deputies than with the messages I had presented explaining the agreement that had taken place among the five parties of the coalition.

Naturally, I have no reluctance in stating immediately and in letting this also become a firm point that I intend to conform--and the government will scrupulously conform--to the terms of the clarifying agreement and therefore, it is considered to be an action by the parties of the coalition. I do this willingly, with conviction, also because the terms of that agreement were proposed and drawn up by me on the basis of a careful evaluation of the positions that had been expressed in a search for the proper point of balance. However, the search for the points of balance cannot obscure, cannot modify the points of principle about which it is necessary to have the maximum clarity possible.

Regarding this agreement and this text, I refer exclusively at the moment, to the question of Middle East policy because I see that it is on this matter that new controversy has surfaced and that requests for explanations on the various aspects of this policy and this situation have arisen. I also take the liberty of adding that, with regard to foreign policy matters, I consider them a matter of primary importance, certainly however, not the first of the serious questions with which the policy of the Italian State and Government is confronted. Nevertheless, I return to it because of the importance that has been attached to it, which, to some observers, might appear to be out of proportion as well, in view of the fact that none of the decisions that affect the future of the Middle East crisis involves Rome. I must say that Rome has always been interested and, over the course of these years, has never been divorced from the Middle East policy matter for so many evident reasons. If nothing else, this interest has been heightened in connection with the Italian turn at the chairmanship of the European Community.

This is what happened in 1980 when, on Rome's initiative, it was arrived at in the Venice declaration of principles, which represents a turning point and a basic point that is still in effect for the policy of the entire European Community.

It is thus that our presence and our attention and also our responsibility were increased during 1985 when it was Italy's turn at the chairmanship of the European Community, for which reason Italy became a more relevant party as a result of it, in view of the fact that it was entrusted with a responsibility of a European nature.

I wish to state that the document, in the context of matters regarding Middle East policy it outlines, certainly reflects a line of continuity by the Italian governments that goes back to 1974 at least. I have taken care to reconstruct the positions of the Italian governments that were taken each time since then, a year in which an official representation of the Palestine Liberation Organization was allowed to be established in Italy and in Rome--an organization that, at that time, was already political-military--and found in these positions a thread of continuity based on essential principles.

The first of these principles, which can be evinced from the statements that the prime ministers made before the Chambers of Parliament when they introduced their cabinets, is the one of acknowledgement that the Palestinian question is based on a national right to independence, in other words, the Palestinian question is not a matter of refugees, a matter of populations rebelling against a sovereign state, a matter that can be resolved in the same manner as many problems of different nationalities within the same state, which is able to unite them and represent them, were resolved even in this century and which cannot be resolved within the framework of the Israeli State.

It is a national problem that has been recognized by the various Italian governments, which, after all, did nothing more than follow the decisions that the United Nations made ever since that far-off 1947.

The right to a national identity of the Palestinians is recognized by the United Nations. The claim to the right of national identity is founded on the noncompliance with the plan proposed in 1947 by the Security Council that provided for the creation of two independent states: the State of Israel and Palestine.

Actually, the Palestinians were not able to realize their right to achieve independence, which is the political expression of a national identity.

Therefore, it is an unresolved national problem for which a great portion of the national community has vainly sought over the decades, a negotiated, peaceful, lasting and definitive solution.

But on this there is a line of continuity from which we do not intend to nor can we nor should we deviate.

In reading the record of the statements that were made by the various governments before the Chambers of Parliament during the past 11 years, I noticed that in no case--perhaps in only a single case--was there any dispute about the PLO, which was allowed a political representation and during the 10 years has, on many occasions, as I have reminded the Chamber, maintained high-level relations with the Italian Government, up to the Foreign Ministry level, or mostly at the Foreign Ministry level, during the decade and at the same time during that decade, the conflict between Palestinians and Israelis was ongoing and on some occasions, has been extremely violent as well as terribly deadly. Yet, during the course of all of these presentations of their programs by the various governments, there was never any mention, any invitation or any explicit condemnation of an action carried out by the PLO on a military level.

Only the Hon. Mario Andreotti spoke about them in 1978 when, as prime minister, in his program speech, he stated: "I do not believe that these problems can be solved by acts of terrorism or with reprisals. We will continue to do everything possible in the right places to bring about a negotiated agreement for the recognition of the right of the Palestinian people to self-determination," thus expressing an opinion, which again read after so many years, reveals itself to be a judgment and an opinion that was desirable and that I share. That is to say, Italy, in the past decade, has followed a realistic policy vis-a-vis a conflict, knowing that there was an unsolved problem of a national question, and it has endeavored to make its contribution to getting the negotiations going between the parties in conflict, which have fought each other so bitterly.

During the debate in the Chamber of Deputies there came to light a point that had not actually been examined in depth in its juridical, historical and moral contexts: the matter of the means that are permitted and considered to be legitimate in a conflict of this nature. I think that it is a matter of a problem that cannot be decided upon either by me or by all, as a whole. It is a matter of general evaluations and of principles that belong, to begin with, to the broadest international community and its organizations, and we have participated and participate in the decision-making regarding them.

The UN, on various occasions, both through general principles set forth in the UN Charter and through specific resolutions, has rendered an opinion on the rights considered inalienable, recognized for the peoples who find themselves oppressed because they are captive or under occupation. While the charter of the UN, as a general rule, rejects the use of force as a means for solving international controversies, it allows it in specific instances for the protection of the fundamental rights that are deeply rooted in the principles that inspired the United Nations. Those principles are: self-determination by the people, self-protection or self-defense, struggle for national independence by colonial peoples, protection of the national identity of the people.

I believe that a serious discussion on this subject, which cannot fail to be of interest to the Parliament of the Republic, could be held and carefully examined by the Parliament, which could have a constructive debate, using as a point of reference the debates and declarations of principles adopted by the United Nations.

I think that, in this specific case, a debate cannot take place with an exchange of accusations or with controversies that are not constructive. If there is a desire for an in-depth examination to be held among individuals who are intellectually honest, who respect one another and about whom no one thinks they wish to do anything that goes against international law and order or moral laws, then this examination in depth should be made, using as a point of reference precisely the debates that have already been held and in which Italy has stated its position.

There are several UN resolutions that can be examined and debated. There is one in particular, approved on 22 November 1974, entitled "The Palestine Question" that at one point states specifically: "The right of the Palestinian people to regain their rights, by any means, is recognized."

Now then, with respect to this resolution, Italy abstained from voting. Italy was governed by a government headed by Prime Minister Moro. Prime Minister Moro, speaking to the Chamber of Deputies, explained why Italy had abstained while Israel and the United States voted against it.

He said: "We consider that the text of the resolution itself did not explicitly safeguard the sovereignty and integrity rights of all the States of the region, including, of course, the State of Israel." Now then, I can state that in reading over that resolution that Prime Minister Moro was right, that the Italian objection was addressed to its being incomplete. And I state that were a resolution containing the same flaw proposed to us and were it to be proposed to the government that I have the honor of leading, the Italian position would be no different from the one taken in 1974 by the government presided over by Prime Minister Moro.

I state this because we, and I myself, consider it to be essential for any foundation for peace and it must be made perfectly clear that the legitimate rights of the State of Israel, not only to exist, but to be secure and enjoy a condition of normalcy in its relations with the other countries of the region, must be safeguarded.

I recall what the King of Saudi Arabia told me a year ago while discussing the seriousness of the Palestinian question and the problem of the State of Israel. In essence he said: "Is it not evident that Israel is a state of the region? It is a state of the region and we wish that Israel were recognized by all Arab states and that it could have normal diplomatic relations with us and normal trade relations, but on one condition, that it help solve the Palestinian question. Without such a solution there will be no peace, no normalcy, no secure future for the region."

Therefore, I believe that, based on the continuity of our foreign policy in this area and on the principles that Italy has already discussed and has already taken into account within the large international organizations, we can set our course of action and we can further examine certain aspects we may consider worthy of such attention and such commitment. I can only state that we stand for peace, as we always have, that we are against all forms of violence, whether by movements or countries, and we would like to see the prospect of violence replaced by a prospect of negotiation, of mutual understanding, of the just recognition of just rights. And, moreover, we are against any form of terrorism. We have always thought that the main avenue is another, that is, the way of negotiations for peace. This is what I have always said to the Palestinians with whom I have talked, emphasizing the futility, the danger and the damage of a military course destined to fail and, in some instances, to actual suicide, and the importance of the search for peaceful ways of negotiation, even when the doors are tightly closed.

I have repeated on many occasions the motto of the Israeli Left: "Only peace is revolutionary in the Middle East."

Even the hierarchy of the Catholic Church has turned its attention to these great tragedies of the world. I want to read a thought that is part of Pope Montini's "Populorum Progressio": "There are certain situations in the world wherein their injustice surely cries out to Heaven. When there are entire populations living in a state of such dependence as to deny them any initiative and responsibility, the temptation to reject with violence similar outrages to human dignity is great. However, we know that revolutionary insurrection is a source of new injustices; it creates new imbalances and causes new devastations except in the case of an evident and prolonged tyranny that strongly assails the fundamental rights of the individual and is detrimental, in a dangerous way, to the common well-being of the country." This is my opinion as well.

Honorable Senators, I think that as a result of the disturbing statements made by the Palestinians in the wake of the Israeli raid on Tunis, in a context of the resumption of acts of violence, of military actions and of armed struggle, we did well to express what may sound like a warning, like a suggestion, like our assessment--which is also part of the document--in order to state that all this could prove to be counterproductive with regard to any peace process, that it would not allow the PLO to play its role in a peace process, that it would lessen it, and, in any event, that it would hamper any peace process. And, because there are already so many who do not want this peace process, the advice we offered is well-founded and well-formulated. The resumption of armed conflict would not solve the problem, it would make it more cancerous, would create new victims and would remove the prospect and the possibilities, tenuous as they may be in the present state of affairs, of opening negotiations.

Now then, the government will adhere to this line of conduct and will address itself to the State of Israel, which is a friendly state despite baseless arguments and protests. When Israel was surrounded and attacked by the Arab states and dragged into a suspenseful and uncertain war, many of us took Israel's side because we understood that its existence as a sovereign state was placed in jeopardy, recognizing all the value of the achievements of the Israeli people, that is: a land, a homeland, a sovereign state. But Israel won those wars and today is the dominant military power in the region, in a position to guarantee fully its own existence.

We ask Israel for an act that is essentially farsighted and generous, for a farsighted and generous policy as well as a fair one that involves the return of Arab territories inhabited by Arab populations in order to allow, within these territories, the solution of the Palestinian question.

In order for peace founded on these premises to be a lasting peace, the international community must be committed to the creation of the entire system to provide the necessary guarantees. This the course that must be followed. I hope that there will not be a renewal of the arguments about a line of conduct, which we consider to be reasonable, that takes into account the rights of everyone and endeavors to facilitate the advent of an era of reason, of trust that is so difficult to achieve. This is the only way, however, that this question can be resolved. I will not even attempt to imagine what may happen in the future. I do not mean tomorrow or even day after tomorrow, but rather what may happen in the years to come, were this question not resolved. It stands out like a great wound that radiates its pain over several areas and reflects negatively on international relations. I hope that this may be a subject for talks between the Presidents of the United States and the Soviet Union, which also has something to say, decisive in many aspects, that is important and of great influence on the behavior of the countries of the region. And I hope that this subject may find a place, the place it deserves because of its great importance, on the agenda in the dialogue between the Soviet Union and the United States.

I had no desire nor wish to be argumentative. I did not even wish to raise the point that later appeared as an oddity, a case of Mazzini-Arafat. Far be it from me to offend Mazzini's memory. I do not wish to offend the living or the dead. I did not wish to compare two historical personalities in a totally arbitrary comparison, and, after all, all these comparisons are more or less arbitrary. I wished only to say, and I meant to say with that example, that in the troubled processes that peoples go through to obtain their independence, to become nations, sometimes the leading figures of these processes get carried away by ideals or desperation at the same time and are driven to use unorthodox methods, so to speak; this, after all, has happened to many, even in more recent times.

The president of the Republic of Tunisia has spent part of his life in jail, in French jails, as leader of the bandits who wanted independence for their country. When we sit down to talk with the leaders of the new Algerian Republic we know that we face terrorists hunted down by the French colonial power and when we write, in the resolution agreed upon by the parties, about the validity of a Jordanian-Palestinian institutional solution, that is, of a federated state between Jordanians and Palestinians, we know that at the same time we foresee a state whose leaders will be the present leaders of the most representative political organization of the Palestinians; and I believe that at the moment when we reiterate its validity and hope for it, we hope for the same thing. Therefore, I did not wish to offend anyone. I have great love for Mazzini, much greater than that which Garibaldi had for him.

In essence, the Majority has declared that it wishes to continue its collaboration, as it itself expressed in a vote in the Chamber of Deputies, and it is my hope that the Senate of the Republic will wish to confirm it. I believe that were the majority to become embroiled in an irreversible crisis, this would engender a situation difficult to control and this would not be in the interest of either the country or democracy. The specter of early elections has returned and rears its head whenever particularly critical situations arise: I believe that under these conditions it would be an outpouring of absolute irresponsibility. It is true that we have by this time a series of legislative sessions that were cut short, so to speak, but we have never had one that has actually had its term cut in half. I hope that we may be able to continue on a stable course; I have hoped and I hope for a close collaboration with parliament, without confusion, of course; it goes without saying, no one wants any confusion. I believe that the first ones not to want any confusion are precisely the forces of the opposition. The Communist Party does not want any confusion and wisely lets the Majority shoulder its responsibility and, when the proper time comes, will call it to account for what it did or failed to do, for the errors made. This question, then, has never existed; no one has posed it. If anyone wished to pose a question about the change of the political balances and the real limits of the parliamentary majority, I believe he would say so aloud, would explain the reasons for it and would not hide behind any fortuitous or peculiar situations. He would pose it as a political question as is correct to do in a democracy ..."

Marchio: "Only Formica has posed it."

Craxi: "No, Formica spoke about something else and I do not even think it is right to cause a scandal in a parliamentary assembly and every time raise a question that already appears to be a little trite: this, when it happens that the opposition parties or part of them--in this case it was the Communist Party--believe to have identified a position on a subject or question, which, in their opinion, is worth holding. It has happened to you also on other occasions; this is an important case of general policy, of foreign policy. After all, it has happened with the Communists in the past as well: I often hear mentioned a motion made in a year that I do not exactly recall ..."

Chiaromonte: "1977."

Bufalini: "Two motions ..."

Craxi: "It has to do with two motions, as Bufalini, who is very knowledgeable about that period, reminds me.

"All this should not be a reason for a scandal and, if I bring up the matter, which is there, of a great parliamentary collaboration that does not affect the Majority alone and its difficulties, about which one can talk openly because they have become so evident that they can no longer be hidden, nevertheless, it is still a majority that considers itself committed to a spirit of collaboration with and support of a government in which it alone is represented, but a broader parliamentary collaboration. I make reference to three questions, not only to the finance law.

"We have almost reached the half-way point of the legislative session before it goes into that typical phase of parliamentary democracies, or even of the presidential ones, whereby everything begins to become confused and distorted in the context of a democratic conflict that is rekindled with a view to the electoral confrontation and context. Now then, I ask myself as we enter the middle phase (1986), which is still rather far away from that date, whether it is not possible for all of us to ponder over the state of affairs without afterwards prejudging the evaluation of the merits. The state of affairs tells us that there is a significant delay, not weeks, but months and years, on many bills that involve essential aspects of national life, such as financial, social and institutional matters.

All this requires, within the Parliament, considerable speeding up of decisions and a report that is not too conflicting and, therefore, inevitably paralyzing.

There is great delay on many laws that are expected, which, of course, could be amended and which will inevitably be amended in the context of parliamentary collaboration; however, the important thing is to legislate on many of these matters.

Then there is a second chapter, that of institutional reforms, those that are feasible. On this point also, because of its seriousness, this session cannot be adjourned simply by saying that we have made an initial sounding of preliminary work, that we have concluded nothing and that we are going to talk it over during the next session. In my opinion, this would be very damaging to the image of democracy and our Parliament as well. I believe that cooperation should be reached in this matter also because it is a subject on which it is indispensible, necessary and, it is hoped, to have a very broad consensus, to reach a decision whether we want to do--as I said in the Chamber of Deputies--just a little, if we want to do a little more, if we want to do as much as necessary to make our democratic system more efficient and seriously wish to modernize it without changing its principles, of course. Finally, there is a matter that causes us concern, as a matter of fact especially because of the responsibility of the Majority which has found itself in a crisis situation that brought about an interruption of a couple of weeks with regard to the objective of voting on passage of the finance and budget bills within the scheduled terms in order to avoid, if possible, a continuing resolution. Now then, the objective of keeping this rule, which was deemed to be important and which we were able to keep with everyone's cooperation during the past 2 years, if this objective is still shared, poses some problems. Such problems can be solved, however. I have not asked the Communist Party to approve the finance bill, which I know it disapproves of in its entirety. I ask whether it is possible to find a shortcut on sufficient points to allow the speedy processing of the finance law in order to avoid having to resort to a continuing resolution, which everyone considers to be negative. If this were possible, it would be nice because everyone has his own reasons, everyone is able to explain whether he has made any compromises, the basis and the reasons for the compromises themselves.

"Honorable Senators, the country's economic life moves on a path that is very uncertain: the positive signs are not lacking, but the elements of their development and of their completed consolidation are lacking. We have good reason to be greatly concerned about the present and future employment situation. To be greatly concerned for the delay in decisions and involvement regarding the South. A great concern about a social front that is about to reopen a phase of conflict, after a brief and sterile negotiation breather.

"More generally, we notice that there is a desire for progress, a determination for commitment and a request for greater assurances about the future among the younger generations that call upon the entire political world and the entire leadership class of the country to assume a great, unavoidable responsibility.

"Honorable Senators, the government is conscious of its own responsibilities and I hope that, with the cohesive support of the parliamentary majority that expresses it, it will rise to the occasion. From the Parliament of the Republic, which, for its part, has even greater and more decisive responsibilities and upon which the government depends, I ask a renewed vote of confidence."

9731
CSO: 3528/27

PAPER URGES CLOSER COOPERATION IN COALITION TO AVOID COLLAPSE

Increasing Talk of Disintegration

Oslo AFTENPOSTEN in Norwegian 4 Jan 86 p 2

[Editorial: "Danger Afoot"]

[Text] Now the government must take note of the seriousness of the situation. When more and more people start saying that the collapse of the coalition is inevitable there is danger afoot. Moves of the type we have seen in the press for the last few days have a tendency to reinforce themselves. Unless the coalition parties make the necessary clarifications, especially with regard to their relationship to the Progressive Party, it will probably be just a question of time before the coalition breaks down.

The fundamental situation is obvious. The Willoch government is based on a nonsocialist majority that includes Carl I. Hagen's party. But apparently people do not believe that the majority will stick together through the stressful period that lies ahead. This is all the more deplorable because in our opinion it would have been quite possible to find a model of cooperation that would ensure a steady nonsocialist course early last fall. However the middle parties made that impossible. The important thing now, rather than dwelling on the past, is that in today's critical situation the three parties recognize the danger signals and do what has to be done.

In contrast to VERDENS GANG we do not regard a Labor government with support from the middle parties as a desirable alternative. That goes without saying. It would be a great misfortune if we acquired a socialist government now, especially in a situation where there is a nonsocialist majority in Storting. If that happens, everything the present government has done to straighten out the Norwegian economy will have been done in vain.

If the coalition breaks down nonsocialist cooperation will be undermined for the foreseeable future. Optimism, new ideas and increased activity will be replaced by stagnation and inflation. Even VERDENS GANG, which is apparently incapable of taking any firm standpoint at all, cannot doubt that a change in government would involve a drastic shift to the left in our political course. This applies to the economy as well as foreign and security policy.

The alternative to the present situation is not a socialist government but a closer cooperation by the three government parties when it comes to continuing the responsible policy they have pursued so far. It is equally clear that in order to ensure majority support for this policy they will have to sit down and talk to Hagen. They may or may not like it, but the fact is that the two Progressive representatives are part of the government's parliamentary base.

Clarification is urgently needed. The Conservatives, the Christian People's Party and the Center Party must realize that they will pay dearly if they shirk their responsibility and fail to make use of their opportunities. It is still not too late.

Willoch Pledges Increased Contact

Oslo AFTENPOSTEN in Norwegian 4 Jan 86 p 8

[Article by Morten Malmo: "More Contact Will Reduce Problems"]

[Text] "After an unavoidable shakedown period after the election, all parties should adjust themselves to more systematic contacts, even before things get difficult," Prime Minister Kare Willoch told AFTENPOSTEN. Willoch dismissed all the speculation about new government constellations on the basis of last fall's budget debate in Storting. "We are based on a very pronounced cooperation among the three government parties," the prime minister stated. Center Party leader Johan J. Jakobsen also advocated more contact with all parties and flatly rejected the Labor Party's "courtship" of the middle parties.

In the last few days various sources have given the present Willoch government a "death sentence." In the Center Party newspaper OSTLENDINGEN, editor in chief Andreas Hagen predicted that the coalition government will collapse within a year. VERDENS GANG [VG] wrote on its editorial page on Thursday that "an intransigent attitude on the part of the two largest parties (the Labor Party and the Conservatives) with regard to cooperating with each other on central political issues will lead sooner or later to the collapse of the three-party government and bring the Center Party and the Christian People's Party into a cooperation that will make Storting independent of an unreliable 2-man group (the Progressive Party) which represents a policy no one wants to be associated with." The head of VG's political section, subeditor Per Norvik, made this comment on the editorial with reference to the Labor press:

"One can interpret the editorial as meaning that the only thing that would guarantee a more stable development in this country is some form of cooperation between the Labor Party and the middle parties."

Norvik justified VG's statement about the collapse of the government by saying that such sentiments have emerged "when one talks confidentially with people from the middle parties."

Labor Party Courtship

Another move came from Labor Party leader Gro Harlem Brundtland, who has said that the Labor Party is always willing to cooperate with the Center Party and the Christian People's Party if the coalition government collapses and the two parties "detach themselves" from the Conservatives.

"We campaigned for a nonsocialist government and of course we still stand behind that pledge. Therefore the Labor Party leader's remarks must be seen as another attempt to break us up. The present government is not laboring under a 'cloud of crisis,'" commented Center Party leader Johan J. Jakobsen, who added: "The Labor Party, the Socialist-Left [SV] and the Progressive Party should realize that there is only one alternative to the present government and that is a government formed by the Labor Party alone."

Relationship to Labor Party

Prime Minister Kare Willoch said that people should understand that the most important thing is the results for which majority support can be won.

"When the Labor Party wants to utilize opportunities to create majority opposition to the government, we must seek support from representatives who do not want a government crisis. But naturally a policy oriented toward results implies a willingness to discuss things with all the opposition parties. One of the things I am hoping for is constructive talks about the big problems involved with future financing of social security and the tax system.

"In this context I would like to recall the big compromise on Statoil between the government parties and the Labor Party in the last session. We would like to have more bipartisan agreements like this, especially when they concern issues that will be of great importance far into the future," Willoch pointed out.

Center Party leader Johan J. Jakobsen said that everyone--both politicians and press people--must get used to the new situation following the election. "I think we have to stop putting the 'chaos' label on a form of work that is a consequence of the parliamentary situation." Jakobsen stressed the need for broader contacts on all sides, including contacts between the government and Storting, before important issues are brought up. The chairman of the Christian People's Party, Kjell Magne Bondevik, said that one must learn to live with the situation that has arisen. He also stressed the need for good contacts with all parties, but said that the government must take the offensive more often in dealing with the opposition.

Bondevik denied that an internal debate is now taking place in the Christian People's Party concerning the government cooperation, but said that uneasiness could arise if the political center of gravity shifts as a result of the Progressive Party becoming a permanent partner in the cooperation.

How does Bondevik evaluate the "courtship" of the Labor Party?

"It doesn't really contain many new elements, but it does indicate a softening of an otherwise rigid bloc mentality on the part of the Labor Party. I also think the Labor Party should end its 'dual attitude' with regard to the Progressive Party and relieve the government of the need to depend on the Progressive Party instead," said Kjell Magne Bondevik.

Agreement Reached

Prime Minister Kare Willoch also said:

"We are counting on a pronounced willingness to cooperate on the part of the three government parties and in my opinion the fall session of Storting did not provide any basis for speculations about new government constellations.

"The budget debate went as might have been expected in the first session after an election that did not provide the basis for a majority government. After the statements the opposition parties made during and just after the election campaign, they were backed into a corner to such an extent that it was impossible to arrive at any agreements that could resolve the budget mess back in October without accepting spending increases and a deficit that would be regarded as irresponsible by most people. Consequently we had to go through a somewhat more dramatic process in Storting. But after my talks with opposition leaders, I did not believe that a government crisis was imminent," said Willoch, who added:

"One should not forget that before we came to the final budget debate--when a lot of unrealistic proposals pushed through by the Labor Party, the Progressives and SV had to be revised--we had already reached an agreement on two important issues: an extra increase in social security pensions and the Lotto decision. It can be noted that all parties showed a willingness to compromise in the process that led to final decisions on these important single issues. The government also displayed considerable elasticity both in the discussion of these issues and in its attitude toward a number of other demands for higher spending.

Quicker Next Fall

"While I do not think there were any real political opportunities to arrive at a final budget compromise before December 1985, I think the experiences from this session should provide a basis for a much quicker resolution of problems when we have to debate next year's budget in the fall. This is politically important for the government because paradoxically it looks as if there is disorder on the nonsocialist side when the Labor Party and SV join forces with the Progressives and create a majority for resolutions that the government cannot possibly accept. But actual results are more important than party prestige," said Willoch.

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CSO: 3639/56

POLITICAL NORWAY

SOCIALIST LEFT PARTY DEBATES RENEWAL OF IMAGE

Oslo AFTENPOSTEN in Norwegian 4 Jan 86 p 3

[Article by Bjorn Talen: "In the Steps of the Old Socialism"]

[Text] The Socialist Left Party has not made much of a mark on the political landscape this year. But within the party an exciting debate has raged over the desire of key people to make the Socialist Left Party [SV] into a more liberal and progressive alternative to the Social Democrats. They believe this kind of modernization can increase the party's vote potential and they may be right to some extent. Among other things there are some voters left among the wreckage of the Liberal Party who are dreaming of a better place to go. But they are unlikely to be attracted by the old socialist flotsam and jetsam. SV would have to be an almost entirely new party with a more liberal domestic policy and a foreign policy credibility that it does not have today. But the orthodox counter forces are probably too strong to allow that to happen.

SV's ideological line is hard to sell to a broader public. The party has assets such as the country's most popular politician, Hanna Kvanmo. There is creativity there, but it has not done the party much good. Even the long nuclear debate, on which SV originally held a patent, did not strengthen the party.

Proletarian?

It is a major problem for SV that no one will really identify the target groups for marketing the party. It is not too easy to sell the party as a "workers' party" when the voter base looks the way it does. While only 4 percent of SV's voters come from the group of industrial workers and people in primary occupations, support is around 15 percent among those who work in the media/cultural/research/educational group and almost as many come from the health and social services sector. Some 25 percent vote for SV among women under 40 with a high level of education compared to only 1 percent in the group of older men with a low educational level.

Some have grasped this imbalance between words and reality. The SV leader in More og Romsdal, Erling Outzen, recently offered this advice in NY TID:

"Put less emphasis on the 'worker' profile. Most workers today do not identify at all with the traditional 'worker' image."

Held Back

We can also see another major problem along these lines. SV supporters would like more liberal opening hours and greater broadcasting activity--and a slight majority would even approve financing this through advertising. But instead of being the driving force in an exciting development SV is limping along behind with a heavy weight on its left foot. The intellectual exhibitionists who have consistently resisted the introduction of television, color television, the video specter and more channels, out of loyalty to their vocational instruction at Marienlyst, have been a dominant force in conjunction with the general desire to regulate things.

"In the space of a few years Oslo has developed from one of Europe's most boring cities into one of its most lively ones. The incredible thing is that the Conservative Party has managed to attach its name to this development. And the left is just sitting on the sidelines looking pathetic," said party secretary Erik Solheim when he resigned earlier in the fall.

More Liberal Course

People like NY TID editors Steinar Hansson and Ingolf Hakon Teigene, Rune Slagstad and Erik Solehim, realized several years ago that the party would have to adopt a more liberal course. But both the otherwise flexible Hanna Kvanmo and party leader Theo Koritzinsky have been more concerned with defending the old image and the old status symbols.

Of course SV's mental processes have not been completely idle. Terje Erikstad, deputy leader of Socialist Youth, said in a NY TID article that the party program has become more liberal on a number of points: less blind faith in the state, clearer criticism of bureaucracy, more effective aid to developing countries, a positive attitude toward local radio and a new TV channel, liberalization of closing laws and alcohol policy, a certain amount of sympathy for private efforts in the health sector and a stronger market orientation with emphasis on changing economic policy. Typically, he called his article "The New Liberal SV." But although awareness is dawning, it is too late and too weak to make a political impact.

Animosity Toward United States

We can see the same sort of pattern in foreign policy. As a child of the "third standpoint," SV would naturally like to continue to love and hate America. Party people know better, but they pretend that the United States is nothing but "Dynasty," the CIA and United Fruit. It is more damaging that party criticism of the Soviet Union's brutal ways of assisting its neighbors is seldom more than a pale echo of the outraged cries about the less endearing aspects of the United States' superpower policies.

When Jorgen Dragsdahl tweaked the peace movement's nose in NY TID there was a massive outcry. And censure pours over Teigene, the editor selected by the national congress, every time he suggests that bombs in the East can be just as dangerous as bombs in the West or when he sharpens his pen when he writes about the conduct of the Soviet dictatorship.

There was a similar negative reaction when NY TID devoted its editorial page to some mild criticism of the state of emergency in Nicaragua.

Gustavsen Back in Favor

The opposing forces in SV are strong and in a strange way this is illustrated by the question of who will take over the job as editor after Teigene leaves. Only two candidates are in the running: wonder boy Erik Solheim and aging Socialist People's Party hero Finn Gustavsen. From what AFTENPOSTEN has heard both men are acceptable to the party, surprisingly enough. And when Gustavsen has suddenly been given the seal of approval again, the following explanation springs to mind. Solheim would undoubtedly continue to present the dogmatic opinions expressed by Teigene's liberal and pragmatic line. He even thinks that SV should take a more realistic view of NATO membership. Gustavsen, on the other hand, would guarantee the safe old foreign policy course. He would not criticize either Cuba or Nicaragua. For that reason people are willing to overlook his formerly unforgivable liberal deviations.

Everything will stay the same. We who feel that SV is bigger than it should be already can continue to sleep well at night.

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CSO: 3639/56

POLITICAL PORTUGAL

CAVACO SILVA LEADERSHIP STYLE: VIEWS, COMMENTS

Reaching Decisions

Lisbon EXPRESSO in Portuguese 7 Dec 85 pp 24-25R

/Article by Mario Joao Avillez: "Cavaco: the Strategy of Secrecy"7

> /Text7 It is too early to tell whether solitude is a good counselor. But it is true that Cavaco Silva has carried over into the administration the leadership style he began in the PSD /Social Democratic Party7: He falls back on a staff of four men but then he makes the decision all by himself.

"Cavaco Silva? He always acts alone, by himself. It would be nice if he were divine," sighs a man close to the head of government with revealing humor while one of his two ministers does not hesitate to say that "he is the one who always makes the decisions and he prefers to involve very few persons in his decision."

Is this one road to power, as suggested by a secretary of state?

"Cavaco Silva's silence might spring from a power-oriented strategy: He always has the last word and almost nobody can say in advance what it will be."

It is too early to tell whether solitude is a good counselor. But today, 6 months after Anibal Cavaco Silva appeared on the scene, there is one thing that seems sure: The tone and the attitude will remain the same. In other words: In his party or in S. Bento, the politician prefers to decide all by himself, to be inspired almost only by himself, and to surround himself with a deep and thick layer of silence. The risk inherent in this peculiar form of being and acting undoubtedly however will, from one moment to the next, tilt the balance of credit against him and, further down the road, begin to dissipate the cloud represented by the state of grace now surrounding him.

What better sign that this is so than the confusion and stupefaction (at best), the disillusionment or indignation (at worst) with which the controversial measures of his executive tenure were received--that is, both the good ones and the bad ones?

Government measures? This is a story which, as the prime minister himself admits today, began rather well ("we simply have to do it that way," he likes to keep saying) but which ended badly--with the poor television performance of the agriculture minister and above all with the absence of a political framework in this delicate and controversial first sortie by the new administration.

Story of Price Rises

About 2 weeks ago, Cavaco Silva began to work long hours with Miguel Cadilhe, the finance minister. All by themselves. After both of them had established different contacts separately (Cadilhe with the Bank of Portugal, Cavaco Silva by phone with some international economic agencies), they met once again to make a determination on economic studies which the prime minister in the meantime had ordered Alvaro Barreto to prepare. Only after these moves did the chief executive get together with the various ministers who were involved in price rises: Alvaro Barreto, Oliveira Martins, and Santos Martins.

"The prime minister broke his decision up, he listened to individuals in keeping with the various sectors, and he lined his collaborators up in small teams," one of these collaborators explained to me in this connection.

Meanwhile, on the very day the agriculture minister went on TV, the "premier" himself prepared that show almost the entire afternoon. He did so with the same perseverance and effort as a teacher preparing a student for a final exam.

The student does not pass the exam and immediately one can begin to hear the first chords of the gigantic protest symphony. Out in the street and in the newspapers there was no dissonance: The tone was the same.

And while public opinion, the mass media, and the ordinary citizen agreed in their indignation or their disillusionment, the same did not happen in the corridors of power. There, opinions still continue divided today.

"All the higher-ups are more and more in favor of increases. This specific moment, before an extremely serious and important election, reveals the courage and decision-making capacity of Cavaco Silva," say the most optimistic; others however, per chance more clear-sighted, say without hesitation, in Buenos Aires or in Gomes Teixeira, that "instead of attacking, the administration must now switch to the defensive."

Criticizing the "Form" and Protecting the "Essence"

The prime minister appears to be half-way between two concepts: He starts by absolutely refusing to admit that he is now contradicting his own election approach of last October; he keeps emphasizing insistently that price rises are very much lower than those in recent years; he confines himself to something which he can already claim as a success of (his) term of office: Purchasing power will be preserved and there will be no increases in 1986.

But in private he recognizes the unexpected political skid triggered by the lack of strong shock absorbers, even agreeing that his minister's performance on TV was not one of the best. In other words; The prime minister admits an error of "form" in order (better?) to protect the "essence."

Several individuals close to his office assured us that "Cavaco Silva had a tremendous credit in terms of confidence and his dialogue continues to be direct with individuals." This, by the way, is the direction of the opinion surveys ordered by the administration after the price rises had already become known in public.

Be that as it may, the question which nobody asked himself yesterday can constitute a threat today: Will the administration be able to weather a second misstep, keeping in mind the ambiguous, shifting, and unforeseeable measure of essence which it is credited with? In other words: Will Cavaco Silva be able to continue to rely entirely too much on himself, to allow himself to be guided by the lack of political experience on the part of some, and to do it all by himself?

Now, how does this executive branch work? What about the PSD? How are political matters getting along, knowing only what we know, in other words, that everything seems to revolve around, spring from and die in keeping with the obstinate and solitary will of Cavaco Silva?

"The prime minister is trying to pulverize the centers that supply the input," explains one of his more intimate collaborators. "He does not want to continue to depend on a single information and decision preparation center."

Today there are four major areas vying for Cavaco Silva's attention: party, administration, the political nucleus of the executive branch, and the small (but extremely influential) group made up of Eurico de Melo and by the prime minister's wife.

PSD: The End of the Baronies

"The PSD today is practically separated from what constituted the cement of its instability which formed the wave of its agitation: The intrigues, the baronies, and the power struggle," explained a national leader from Buenos Aires.

Another one, with a nice sense of humor, finds that "the PSD today is the most stable, most balanced party, the most exemplary party on the domestic political scene."

This is precisely what Cavaco Silva counts on today above all. In this way he can "with perfection carried to the smallest detail" reconcile executive tasks and party tasks. Against the background of this performance, we are not astonished by the fact that, at the head of the national headquarters, we find Dias Loureiro, the most faithful among the faithful, the friend, the collaborator from way back.

"The prime minister does not want any detail to escape him. I always find him to be informed about everything that is going on in the party," explains the social democratic secretary-general.

Another national leader points out that "the chairman of the PSD thinks that he is up-to-date on everything that goes on and that, at each instant, he measures and weighs what is at stake inside the party." Once a week at least Caraco Silva leaves his office: Every Wednesday afternoon he leaves S. Bento and enters Buenos Aires to lead the usual meeting of the Permanent Mission of the PSD. At that moment he is more than stirred by the battle of the local government authorities--and while this does not rob him of his sleep, it nevertheless does not fail to worry him. This is true to such an extent that he takes the initiative in prodding some and calling to attention others who are diverted by other election fights.

With his rear areas calm and the main masses in good shape, Cavaco Silva can in this fashion devote most of his time to his work in the executive branch, either during the cabinet meetings (the full cabinet meets once a week, on Thursday, and the Economic Affairs Council meets every third morning), or in his own office.

"This administration introduced an innovation in its operations," explained one of the prime minister's collaborators and then he added: "Before that, there were countless documents being passed from cabinet meeting to cabinet meeting. Tons of paper, scores of documents awaiting their final draft, being held for further analysis, piled up in what was called the morgue of the prime minister's office. None of that goes on today: All bills are returned to the cabinet only after they have been signed by all officials responsible for the particular matter. Then they are either put aside--but only until the next cabinet meeting--or they are approved immediately."

Each of these bills reaches the office of the prime minister only if it contains a justification for its existence, a list of the effects it would produce, the reactions which it might foreseeably trigger in the other parties, among the social forces, etc. In his capacity as secretary of state for the office of the president, Pedro Santana Lopes takes care of the "correct reading" of each of them. "If each of these documents does not reach me here with its pertinent complete file record card, it is not forwarded," the young politician confessed.

Based on the decision made by Santa Lopes, the ministerial agenda is then drafted and it is submitted to the chief executive for his approval. The messenger is his deputy minister by the name of Fernando Nogueira. And, 3 days before each full meeting, Santana Lopes sends the final agenda to each minister.

"Efficiency is a Tonic"

None of these two weekly meetings--the full meeting and the restricted meeting (the latter being attended only by the ministers of defense, of health, and of justice)--obviously prevents the prime minister from individually getting together with members of the administration "whenever necessary"; this tends to happen "depending on whether or not there are tricky cases to be resolved."

"Efficiency is a tonic," said another one of Cavaco Silva's ministers. "The meeting never goes beyond lunch and the agenda is drafted to contain a reasonable number of points. In addition to that, Cavaco Silva dispenses with superfluous briefings and unnecessary loss of time." According to a cabinet member, the prime minister--probably recalling his time when he was a professor--has barred any smoking during cabinet meetings. "During the meetings, he is flanked by Eurico de Melo and by Fernando Nogueira, two big smokers. Now, since he does not smoke...," commented one minister.

Around mid-morning, the cabinet takes a coffee break--obviously so that the smokers can derive comfort from their morning cigarette.

In the middle of the week, Cavacc Silva invites to his office the group which has been defined as the political center of the executive branch. Eurico de Melo, Santana Lopes, Jose Manuel Durao Barroso (secretary of state to Eurico), and Fernando Nogueira make up this small team which is responsible for analyzing the good (or bad) progress of the executive branch, analyzing political facts, reviewing the government's activity record, and listening to the echo of the steps taken by the administration.

"This group met only once when there was a debate in Parliament and when Cavaco Silva went to Brussels," said one of the group's members. According to sources close to the prime minister himself, Cavaco Silva however would like to give the group more dynamism and make these Wednesday meetings "ten times more effective."

That is not asking too much in view of the fact that the entire executive branch precisely is suffering from the absence of a political pulse and above all is lacking in in an ear that would be much more effective than what it has been on specifically political issues. As for the rest, Cavaco Silva is not the first to be dissatisfied with the lack of output and results deriving from this weekly meeting.

"The truth is that, at this point in time, political support for the prime minister is not yet properly developed," agrees a member of that group. "But its greater political effectiveness at this moment is a priority concern of the prime minister."

Special Missions Man

Finally, there is Eurico de Melo, the "special missions" man, as he is known in S. Bento.

"He is responsible for contacts with opposition forces, with the more delicate sectors of the PSD, or with foreign diplomatic services, for example. Cavaco Silva wants his friend to handle these things."

That is quite natural. There is a long-standing friendship between these two men, their confidence is reciprocal and they work closely together every day.

Here is an example: The appointment of Cardoso e Cunha to be a member of the EEC Commission was decided by Cavaco Silva and Eurico de Melo. Few persons were in on this secret and Eurico de Melo obviously was one of them. It has always been this from the very beginning with these two politicians; but to this tandem we must now add Maria Cavaco Silva who was also in at the beginning and who divides her talents between being a confidante and an advisor.

Will this be enough for the way of a new executive branch that is as fragile as its support is precarious? There is every indication that the answer will be negative. But in opposition to this purely objective fact there arises another fact with a much greater dimension: The determination--as solitary as it is secret and stubborn--of a man who is a politician today and who has decided to rule all by himself. Or almost.

Not a Politician

Lisbon EXPRESSO in Portuguese 7 Dec 85 p 3

/Article by Jose Antonio Saraiva: "Cavaco Silva's Solitude"/

/Text/ There is one main reason why Cavaco Silva won the legislative elections: Because he was not a politician.

Cavaco, as a matter of fact, was practically a stranger to the political class: he entered the government with the help of Sa Carneiro and he left it after the latter's death.

Basically, Cavaco Silva was a technician in whom Sa Carneiro had confidence--and little more than that.

This is why he was able to win the elections.

First of all, because he brought out the memory of the late prime minister.

And then because his style was different from the style of professional politicians--of whom the country was getting tired.

This new way of doing things which Cavaco introduced into Portuguese politics was revealed in the way in which he put his administration together.

The ministers he picked for the most part did not belong to the political class.

And his choice was not determined, as it seems, by some kind of internal arrangements: The names of the ministers of the new administration did not circulate in the hallways of the PSD, nor they show up among those who, in their eternal search for a balance between the various "sensitivities," invariably would wind up holding high government posts.

Cavaco Silva then gave the impression of putting his administration together in his own fashion, being little concerned with the reactions which his way of doing things could trigger inside his own party.

In his first acts as chief executive, Cavaco stressed the main characteristics that had marked his election campaign: A direct, dry, and sometimes brutal style.

In announcing price increases, the minister as usual was laconic: He seemed to prefer action to words.

And how did the country react?

This is precisely where the problems came in.

The Portuguese as a whole react neither well nor badly.

Accustomed to successive increases, they received the new price figures with a mixture of resignation and indifference.

Quite naturally, they were not satisfied.

But they did not appear to be excessively motivated by the opposition's remarks either.

This we can understand.

The Socialist Party--which until 2 months ago was the ruling party--obviously is not in a good position when it comes to criticizing price hikes; this is why its challenge did not produce any echo.

As for the Communist Party, it is the force that indiscriminately fights against all increases and its remarks have lost their effectiveness.

So, what was left?

The PSD.

Strange as it may seem, the PSD was the party that was most agitated by the administration's measures.

It did not really react to their content and we can understand that; but it did rise up against the way in which these measures were decided and announced.

Why?

Because all those who in the PSD today feel outdated or pushed to the sidelines are trying to exploit this opportunity to come out against the prime minister, suggesting that he lacks maturity and political knowledge to be familiar with the way in which these types of decisions are prepared.

On the other hand, the men around Cavaco--who for the most part are inexperienced--are now wondering whether the others will not turn out to have been right. In other words, whether, in the future, the prime minister, before taking any measures, should not make sure to consult those in the PSD who are familiar with the highways and byways of politics.

Immersed in his solitude, Cavaco today does not have a clear idea as to which way to go.

After all that has happened, he will hesitate between acting the way he always did, with the risk of sometimes meeting with disaster, or beforehand listening to opinions of those who have been in politics longer than he.

This is a reasonable doubt--with one important difference.

If he insists on being exactly what he is, Cavaco Silva will always have an image--which could not be better but which is his own; if he wants to become different from what he is, he runs the risk of having no image at all.

The fact that he is not a politician might perhaps be one of Cavaco's weak points; but it is certainly also his main triumph.

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CSO: 3542/48

COMMENTS ON NEW MINISTERS' POLITICAL PROFILES

Lisbon EXPRESSO in Portuguese 9 Nov 85 p 3

[Article by J.C.B., J.H.C., and J.W.]

[Text] His list of ministers is infinitely shorter than the possible list of "major political figures" that could have been put together with names from inside the Social Democratic Party. But Cavaco Silva stuck by the argument he had used on TV to mark his distance from Salazar and Almeida Santos: "You are lawyers--I am an economist." And he has beaten all previous records: the new cabinet will have eight engineers, two economists, and (only!) four lawyers.

This is therefore a government of supertechnocracy in which one almost suspects that there are no ministers capable of bearing up under a parliamentary debate filled with the typical interrupting remarks, laughter, jeers, and verbal extravagances. But it is a government that is not in danger of talking too much and announcing what it is going to do before the matter is decided by the Council of Ministers.

On the reverse side of the coin, one has the feeling that it is a government that may not be able to fill the (enormous) political space which the various cabinets have so far reserved without interruption for themselves.

In any case, this is a government that was not put together to suit the desires of our public administration. On the contrary, it has disarranged that administration, redefined areas of responsibility, grouped some areas together, and separated others. It is a real psychological shock to the comfort of our gentle customs, and its results are certainly unpredictable.

Meanwhile, here, one by one, are the ministers of the tenth constitutional government, who have been affably accepted by Ramalho Eanes.

Leonardo Ribeiro de Almeida: Surprise

Perhaps the biggest surprise in this government, he succeeds Mota Pinto and Rui Machete, both of whom tried to place political leadership of the Armed Forces in the Ministry of Defense after the constitutional revision by withdrawing certain prerogatives from the heads of the armed services for the first time since 25 April [1974]. Distinguishing himself in that effort is Secretary of State Figueiredo Lopes, whose continued presence in the government means that, given Leonardo Ribeiro de Almeida's traits, the secretary of state will in fact be the real minister. The fact is that no one would have imagined Ribeiro de Almeida, a 61-year-old lawyer, being placed in charge of defense. His excessive rigidity as the head of PSD [Social Democratic Party] congresses, combined with the uncommunicative way in which he performed his duties as speaker of Parliament, gives promise of two things: either there will be conflicts with the military hierarchy or he will play a more obscure role. Figueiredo Lopes will have to handle everyday matters with the chiefs of staff, but when it comes to such touchy issues as budgets, they will wind up dealing directly with the prime minister.

Luis Mira Amaral: Studious Figure

There is apprehension because of Amaral's lack of "political weight." He is a studious man dedicated to research and big analyses. His first political test is already scheduled: it will take place in connection with the state budget and the amounts to be allocated to the Unemployment Fund. Mira Amaral is another of the cabinet's engineers. He is young (only 39 years old) and has not occupied any government posts in the past. He is taking over what was one of the most controversial portfolios in the previous government. And he is inheriting two of the current team's most critical problems: wages in arrears and unemployment. The PSD has made promises about both of them. Will a man with a career as a university professor and head of the Research Group at the National Development Bank be enough to turn those promises into reality? With the UGT [General Union of Workers] divided between support for and opposition to the government and the CGTP [General Federation of Portuguese Workers] now being joined by socialist workers every time it takes to the streets, Mira Amaral is facing a much more difficult period than his predecessors did. But he has the consolation of knowing that Cavaco Silva is open to the idea of increasing social security funds.

Alvaro Barreto: Six to Five

Two months away from celebrating his 50th birthday, Alvaro Barreto has broken an even score by accepting a cabinet post. Five times he has sat on the management councils of state-owned enterprises or firms in which the state holds an interest: LISNAVE [Lisbon Shipyard], SETENAVE [Setubal Shipyard], SOPONATA [Portuguese Tanker Ship Company], TAP [Portuguese Airlines], and SOPORCEL. And this is the sixth time that he has been a minister, having been minister of industry and energy, European integration, commerce and tourism, and agriculture and fisheries. He has one of the most extensive backgrounds in government service, with experience that may not be enough to further the "revolution" that membership in the EEC will require of the superbureaucratic Ministry of Agriculture and Fisheries.

Maria Leonor Beleza: "To the Good Health" of Pensioners

For the second time in Portugal, a woman is taking charge of a ministry. At the age of 36, Leonor Beleza, with a licentiate in law, is being transferred from the Secretariat of State for Social Affairs, where she conducted herself like one of those ministers of finance whose main concern is to count nickels. The objective seems to have been achieved, and at first glance, a praiseworthy job was done: the department recovered thousands of contos in overdue contributions. The rest of it--the fact that poverty-stricken pensioners were being rigorously supervised precisely when the central-bloc government was pursuing a very restrictive policy--seems not to matter. But one of her first acts as minister of health was to make a surprise visit to Sao Jose Hospital, and while that does not necessarily indicate efficient management, it at least has the merit of showing that she is interested.

Miguel Cadilhe: Finance Under Dictatorship

He is not an engineer, but he is from the North, and that is another of this government's innovative touches. In his first public appearance after being sworn in, Cadilhe emphasized that "investment is going to grow at an amazing real rate from year to year." Less than 10-percent growth in private investment is not much in the eyes of this economist, who was a secretary of state under Cavaco Silva in 1980. That may in fact have been Miguel Cadilhe's chief failing: to become simply a secretary of state to the prime minister and be relegated to the background by the "viceroy of the North," under whose command he wound up as secretary of state for planning.

"Financial dictatorship in a democracy" is the favorite subject of this man who was the father of the SIII and since then has devoted himself to the BPA's Research Office. Concentrated in the phrase he likes to repeat are the need to straighten out the state budget and the idea that as long as it is put into good investments, no external deficit is unbearable. He is also the visceral personification of confidence in private enterprise--let Santos Martins take heed.

Joao Oliveira Martins: Digital Communications Again

"I am counting on you" is what Cavaco Silva reportedly told Oliveira Martins when they were through drawing up the PSD's election platform, to which Oliveira Martins had contributed his expertise in the field of transportation and communications. Not convinced that his party would win, the former chairman of the CTT/TLP [General Administration of Post Offices, Telegraphs, and Telephones/Telephone Workers of Lisbon and Porto] agreed. And now here he is a minister for the first time at the age of 51. After leaving the TLP at the end of 1984 because of disagreement with the policy being pursued by the then secretary of state, Oliveira Martins will be able to implement his own policy. For now, that means renegotiation of the "digital communications deal." After that, we will see. Although the current chairman of the Order of Engineers is not a man accustomed to the ways of ministerial offices--he had already lost FEDER before taking office--he has enjoyed a renowned career as a business consultant. Half a dozen years in Paris (between 1975 and 1980) brought him fame--as well as profit, which he put on hold last Wednesday because of his promise to Cavaco Silva.

Fernando Santos Martins: a Happy Man

The eternally hale and hearty Santos Martins is returning to the government after a very long absence spent at the head of some of the country's largest state-owned enterprises. Santos Martins, 55, has devoted his entire professional life to industry (with a brief interlude at TAP). He is somewhat exuberant verbally and indestructibly optimistic. The PSD expects him to contrast sharply with Veiga Simao and the latter's multiple studies, plans, and other dossiers with their countless pages. While it is certain that he will not be a "professor" of industry, it remains to be seen how far his "charm" will take him as he faces up to the expected restructuring of the half a dozen white elephants in the public sector that come under his ministry. In any case, no one expects him to issue lengthy and irreversible statements about the future of Portuguese industry. The hope instead is that there will be a practical plan for supporting sectors regarded as priorities.

Pedro Pires de Miranda: "Dollar Has Already Been Invented"

While it is true that the man who was roving ambassador for petroleum affairs in 1980 will not feel much at ease in the formal atmosphere of the Ministry of Foreign Affairs, it is no less a fact that Pires de Miranda is Cavaco Silva's real find. At 57 years of age, the former chairman of PETROGAL [Portuguese Petroleum Company] can take pride in having been--along with his friend Ernani Lopes--the great worker in the first big push for negotiations with the EEC. That was in 1979. But even today the Communities are familiar ground to Pedro Pires de Miranda. And as far as foreign affairs are concerned, 1986 is surely going to be the "year of the EEC." Pires de Miranda will not be a grand theorizer concerning Portugal's specific place in the world, but he will certainly be an active participant in meetings by the European Council. Incapable of imagining barter transactions on the trade level--"the dollar has already been invented" is one of his favorite sayings--the new minister of foreign affairs will bring to his ministry something that has long been said to be necessary: representation diplomacy and more economic diplomacy.

Eurico de Melo: Cavaco's Ambassador

Now back in Lisbon again, this northern manager with the paternal look about him (disregarding the fierceness he displayed on television during the campaign) is returning to the Ministry of Internal Administration, a post he held once before in Sa Carneiro's time. He has also been promoted to "number two" in the government, reportedly so that Cavaco Silva will not waste time with contacts where technical competence is secondary and where "humanization" of the conversation is the most important thing. In a sense, it will reportedly be his job to act as Cavaco's "ambassador" to the political class, a task for which the head of the government is not well suited. At his ministry, Eurico de Melo, 60, will be supported by a young secretary of state named Jose Manuel Durao Barroso, considered a brilliant political scientist in university circles. It is strange, though, that his assistant has been put in charge of the police, since his experience with the PSP [Public Security Police] and the GNR [Republican National Guard] is probably limited in fact to the time when, as a militant in the MRPP [Movement for the Reorganization of the Proletariat Party], he viewed them purely as corporations of fascism.

Fernando Nogueira: the Youngest

Nogueira is the youngest member of Cavaco Silva's team. His political strength has a precise geographic origin: he is from Coimbra, like Mota Pinto (whose successor he is) and so many other notables who are still alive and active in that conglomeration of interests known as the Social Democratic Party. He is also likable, a good talker, and fond of those pithy sentences summing up the kind of country we are and the kind that we can be. He has never definitely won a political battle, but neither has he lost in any of the combats in which he has been involved. Formerly secretary of state for regional development, he now ranks third in the cabinet hierarchy and is a confidant of the prime minister himself. But he is not known to have any close friendships in "Lisbon political circles," where he will be called upon to play a preponderant role in his capacity as minister for parliamentary affairs. Fernando Nogueira therefore finds himself on a stage that is too exposed for someone who prefers to take time to reflect on events. This will not prevent him from adapting his profile to a close relationship with the important figures in the PRD [Democratic Renewal Party]. It remains to be seen whether that is the option being assigned importance by the PSD.

Luis Valente de Oliveira: Gray Eminence

No one knows for certain whether the ministry he will preside over was established for him or whether he was called in for a ministry that no one else could run. He is, without a doubt, the current government's "gray eminence." He is not a minister of finance or of economic coordination, but has taken over planning and FEDER. He is not an out-and-out politician, but has made a name for himself as a "statesman." He is from the North, but he is not provincial, as is attested by his permanent presence in such international forums as the OECD, the EEC, and the Council of Europe. He is 48 years old, held office briefly in the government (in the Ministry of Education), and has many friends in the North. It is said that when he dines at Cavaco Silva's home in the company of Miguel Cadilhe and Pires de Miranda, the Council of Ministers will be in session. Backbiting aside, Valente de Oliveira is the real superminister in the "all-PSD" government. It will very soon be up to him to succeed in the battle of the local elections--and it will not be easy on Buenos Aires Street to swallow the foreseeable recovery by the PS [Socialist Party] on that terrain.

Joao de Deus Pinheiro: Crab Syndrome

The man responsible for a good part of the government program, Joao de Deus Pinheiro, 40, contradicts in practice his statements that politics does not interest him much. The fact is that he seems to have let himself be dazzled by politics recently. He is staying as minister of education, a fact that may signify proof of confidence as much as punishment, since he will find it more difficult to plead lack of time as an excuse for not overcoming the chaos in his sector. There are schools that do not open, schools that close because of rain, teachers still to be placed, and, as if all that were not enough, he has now been saddled with a sector to which he does not feel attracted: culture. His former colleagues in the teaching profession complain that he is no longer good at dialogue, is acquiring a growing dislike for the less docile teachers, and is earning from them the gibe that his practice corresponds to his sign: the Crab.

Mario Raposo: Vest That Nobody Wanted

For the fourth time, he is taking on the difficult job of trying to make the courts more efficient and the prisons more secure and humane. Mario Ferreira Bastos Raposo, 56, wound up staying in a ministry that nobody wanted, apparently because of rumors of persistent threats against the minister following the operations against FP-25 [People's Forces-25 April]. What this means is that Mario Raposo--as though he did not already have the problem of overcrowded prisons--will also have to worry now about buying a bulletproof vest.

11798
CSO: 3542/32

PRD SEEN ADHERING TO OLD POLITICAL RULES

Lisbon EXPRESSO in Portuguese 9 Nov 85 p 4

[Article by J. C. B.]

[Text] When the candidacy of Vitor Alves for the Lisbon Municipal Chamber was withdrawn because of alleged falsification of signatures, the Democratic Renewal Party [PRD] became worthy of its peers.

This does not mean that the other four main parties have accustomed us to the falsification of signatures on lists of candidates.

But they have accustomed us to different falsifications.

The CDS [Social Democratic Center Party] says it is centrist, but it occupies the extreme right in Parliament.

The PCP, being Marxist-Leninist, has renounced one of the principles of communism: the dictatorship of the proletariat.

The PSD [Social Democratic Party], whose program is social democratic, long ago renounced social democracy.

The PS [Socialist Party], for its part, became famous for having shelved socialism.

It will be said: what similarity exists between those falsifications and the one by the PRD? Apparently none. Those by the CDS, the PCP, the PSD, and the PS can result only in voter disapproval or a stampede out of the party by members. The one by the PRD goes much further because it falls within the purview of the law: it is a police case.

Some similarity will be found, however, through what the PRD stated during its campaign. At every rally, in every pamphlet, and in every televised speech, one concept--perhaps a Victorian one--was stressed: the PRD exuded honesty. The PRD, which was not noteworthy for its ideological clarity, took it upon itself to be the party of the uncorrupted. The PRD, having no ideology, did the impossible in politics: it invented the ideology of honesty.

So while the falsification allegedly committed is serious as a police matter, it is less so from the ideological point of view--which is not to say that it is not serious at all from that standpoint. The PRD was simply following what now constitutes a norm among the major Portuguese parties: a lack of correspondence between theory and practice.

And the PRD has probably learned that a much greater risk is incurred when one adopts honesty as a program than when one advocates socialism or Christian democracy. Because while no one is free of contradictions, it is also true that no old party and no new party can guarantee that among its members and even among its most moralistic leaders, there is not some peddler of influence or even a current or former smuggler of electric household appliances.

11798
CSO: 3542/32

POLL RESULTS ON IMAGES OF PRESIDENTIAL CANDIDATES

Lisbon EXPRESSO in Portuguese 9 Nov 85 pp 1, 4

[Text] Lourdes Pintasilgo and Freitas do Amaral have quite favorable images with the voters, whereas voters seeing shortcomings in Mario Soares outnumber those pointing out his virtues. That is the conclusion reached in a poll conducted by NORMA on behalf of the campaign services of the former leader of the CDS [Social Democratic Center Party]. The poll results, to which EXPRESSO has had access, also indicate that the Socialist leader has the advantage over his two competitors on only one very specific point: his personal prestige.

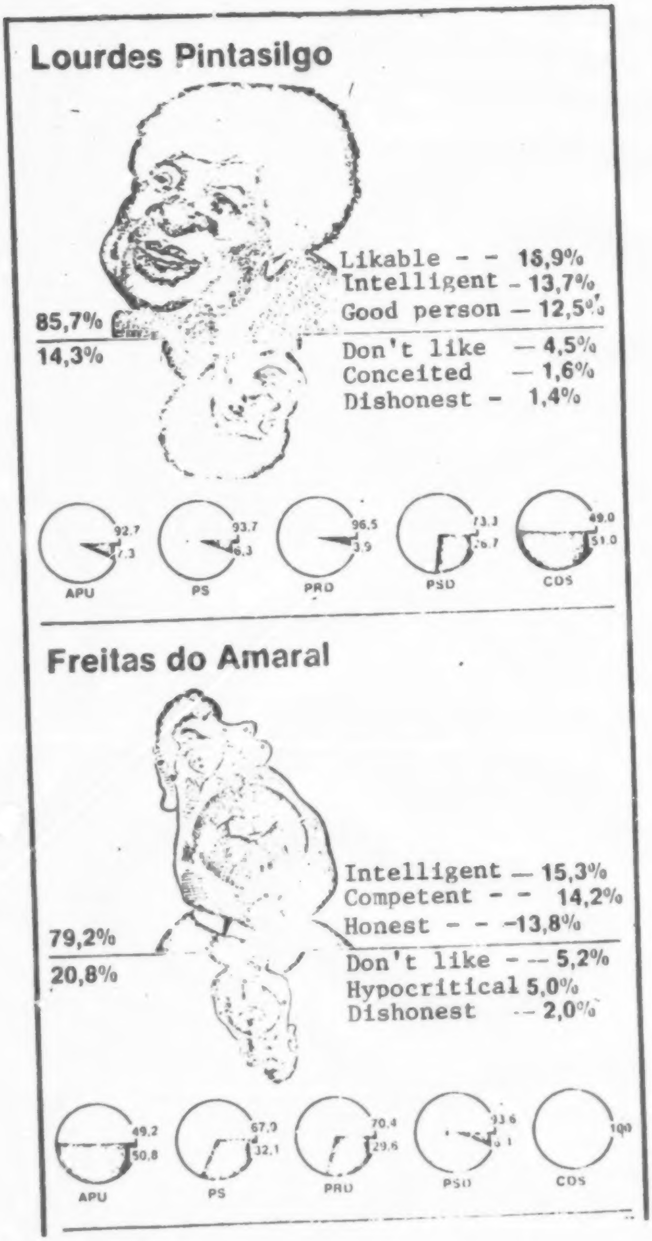
On being questioned concerning the images of the candidates, the voters interviewed in the poll mentioned chiefly virtues in relation to Lourdes Pintasilgo and Freitas do Amaral and shortcomings in the case of Soares.

Pintasilgo's most outstanding feature is said to be her "likableness"--mentioned by 16.9 percent of those polled. Next came "intelligence" (13.7 percent) and the fact that she is a "good person" (12.5 percent). Other virtues also mentioned are "courage," "competence," "honesty," and "dynamism."

On the other hand, few shortcomings were mentioned. Among those polled, those simply saying they "did not like" her personality outnumbered those making more specific criticisms such as "she talks too much," she is "conceited," or she is "dishonest."

Freitas do Amaral's image is also strongly favorable, but its features are more rational and less emotional. What those polled see in him is primarily his "intelligence" (15.3 percent), his "competence" (14.2 percent), and his "honesty" (13.8 percent). Only then do we come to his "likableness" and the fact that he is a "good person" or "educated."

But in contrast to the situation with Pintasilgo, there are those who point to serious shortcomings in Freitas do Amaral, although the simple fact of not liking him was the negative answer given most frequently. But there are many voters (5 percent) who see "hypocrisy" in him and others who mention his "dishonesty" and his "unlikableness."



Lourdes Pintasilgo

85,7%

14,3%

Likable - - 15,9%
Intelligent - 13,7%
Good person — 12,5%

Don't like — 4,5%
Conceited — 1,6%
Dishonest - 1,4%

92.7
7.3
APU
93.7
6.3
PS
96.5
3.9
PRD
73.3
26.7
PSD
49.0
51.0
CDS

Freitas do Amaral

79,2%

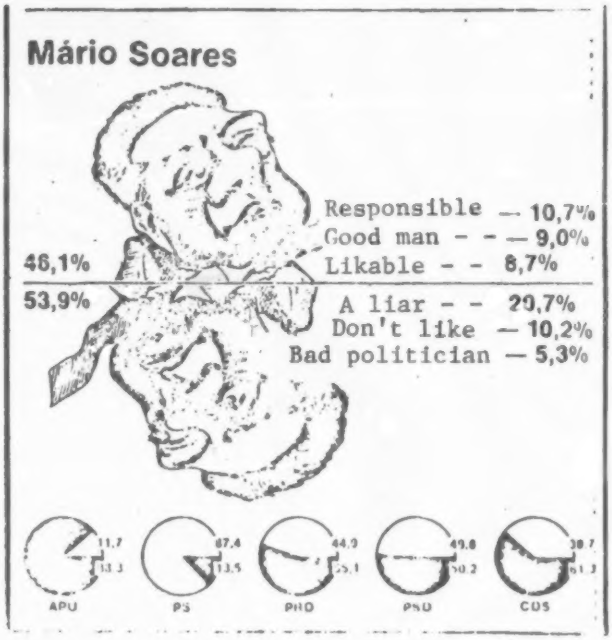
20,8%

Intelligent — 15,3%
Competent - - 14,2%
Honest - - -13,8%

Don't like - — 5,2%
Hypocritical 5,0%
Dishonest — 2,0%

49.2
50.8
APU
67.9
32.1
PS
70.4
29.6
PRD
93.6
6.1
PSD
100
CDS

Party acronyms:
APU: United People's Alliance
PS: Socialist Party
PRD: Democratic Renewal Party
PSD: Social Democratic Party
CDS: Social Democratic Center Party



[Party acronyms are expanded on the previous page]

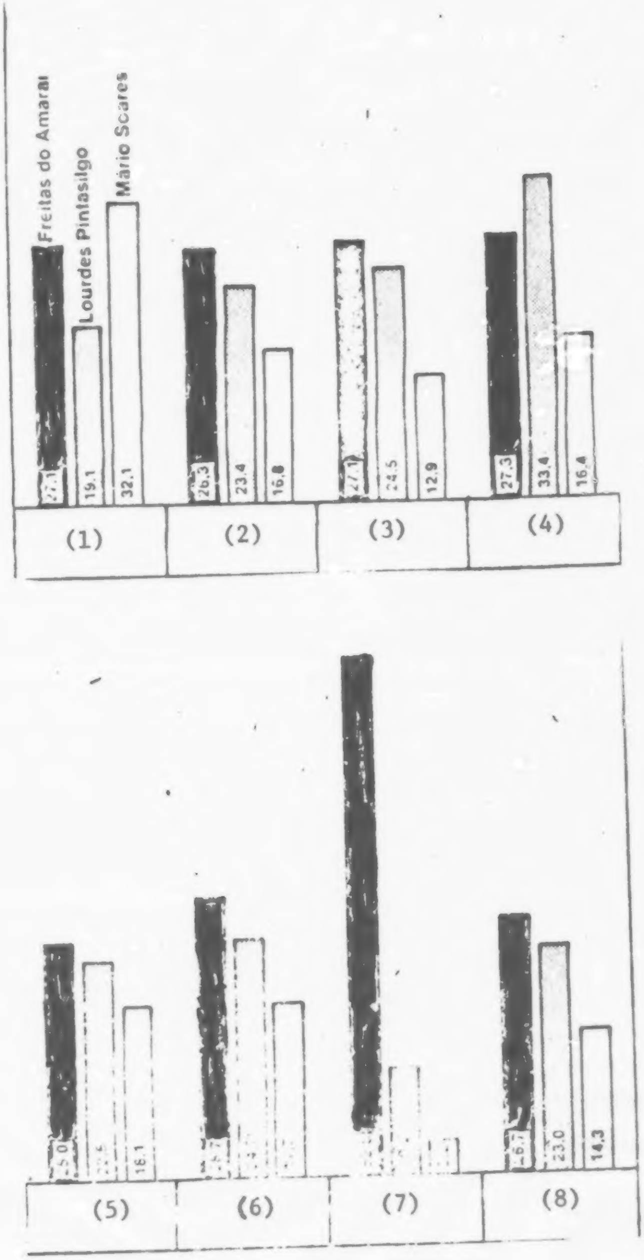
Mario Soares Wins Only in PS

Mario Soares has the worst image of all. He is the only candidate whose perceived shortcomings outweigh his virtues (54 compared to 46 percent) and the one for whom one shortcoming ("he is a liar"--20.7 percent) was the personal characteristic mentioned most often by the voters surveyed in this poll. The other [as published] positive aspects of his personality are that he is a "responsible" person (10.7 percent), a "good man" (9 percent), and "likable" (8.7 percent). On the other hand, a long list of shortcomings was attributed to him: according to the tongue lashing administered by the interviewees, "he is the worst," "he doesn't do anything," he is "inconsistent" and "opportunistic," and he behaves like a "bad politician."

Mario Soares was also the only candidate presenting a negative image to the voters in all parties except his own. Even so, about 7 percent of the interviewees who voted for the PS on 6 October consider him "a liar." His worst score was with APU [United People's Alliance] voters, who consider that the Socialist leader presents many more shortcomings than the former chairman of the CDS. This is true even though Freitas do Amaral scores lowest among Communist voters, where his image is the exact opposite of what it is among CDS voters. As far as CDS voters are concerned, the professor of law seems to have no shortcomings--at least no one mentioned any.

Comparison of Opinions of Candidates

Key:
1. More prestige
2. Greater stability and security
3. More likely to do what he or she promises
4. More likable
5. Better defender of freedom and democracy
6. Closer to the political options of the voters
7. Closer to the church's positions
8. More likely to unite the Portuguese



Freitas and Pintasilgo Have the Advantage

Lourdes Pintasilgo, who is the presidential candidate with the best personal image overall, enjoys special prestige among Eanist voters, but it is certainly interesting to note that she scores better with PS voters--where she does better than Mario Soares--than with the APU's voters. It should also be noted, incidentally, that the Communists especially like Pintasilgo because she is a "good person."

The fact that Pintasilgo's image is slightly better than Freitas do Amaral's is offset by the sum of answers to another series of questions intended to compare the candidates with each other. As can be seen in the graph above, Freitas do Amaral takes first place with respect to six of the eight characteristics considered in the poll, some of which may be important when the time comes to make a voting choice. According to this poll, it is Freitas do Amaral who provides "the greatest guarantees of stability and security," seems "more likely to do what he promises," would best defend democracy, and would be more likely to "unite the Portuguese." On the other hand, "likableness," which is one of Pintasilgo's characteristics, and Mario Soares' "prestige" are qualities which may have a more superficial effect on the way people vote.

(This poll was conducted between 17 and 29 October and covered 989 mainland residents over 18 years of age. The figures are the responsibility of NORMA, while EXPRESSO is responsible for their interpretation.)

11798
CSO: 3542/32

POLITICAL

PORTUGAL

POLL REVEALS POPULAR INDIFFERENCE TO CAMPAIGN, RESIGNATION

Lisbon SEMANARIO in Portuguese 9 Nov 85 pp 60-62

[Article by Margarida Viegas]

[Text] The new Assembly and government that made their debut this week will have to show real genius if they are to change the climate of desolation in which they were elected.

An auspicious sign: the citizens marched to the polls convinced that it would do no good. Impervious to the hard work of the politicians and the marvels of marketing, they ignored the election campaign in making their choices. Although hoping that "their" party would win, they expected a victory by the PS [Socialist Party]--and they were also wrong about the rest. This was not the first time they had been wrong--that is why the majority has admitted to making somersaults with its votes throughout these 11 years. But there is reason to think that in the upcoming local elections, it will confirm the choice it made on 6 October.

Benefit of the Doubt

Do you feel that the elections of 6 October will help solve the country's problems?

Answer	Percentage
Yes	32.4
No	43.4
Don't know	23.9
No answer	0.3

The Portuguese seem to have voted on 6 October with the same enthusiasm they would show in trying to fill a sieve with water. After all, there is no law against miracles, and who knows: maybe, with God's help, the holes will be plugged up. But nothing is more futile than going to do something with the feeling that it will do no good and, having done it, to still feel the same way. When the thing in question is voting, the word "futility" can be usefully replaced with the word "danger."

The PS--which fought with a now-understandable desperation against the holding of these early elections--was not alone in its prediction that they would not help solve the country's problems. The natives are not stupid, and, political preferences aside, they felt exactly the same way. Although their own problems are not political--but rather are more modest dramas such as employment, subsistence, housing, and the other usual things--they have learned by now that until the political problems have been put to rest, no one is going to pay attention to the problems that matter to them. And in the smoking ruins of the earthquake of 6 October--since NORMA's interviewers were on the attack with their questions the very next week--4 out of 10 adults showed skepticism concerning the prospects for different and better days.

At the same time, optimism in the Cavaco Silva or PRD [Democratic Renewal Party] camp could easily come up with a more cheerful interpretation of this current poll: between the 32.4 percent who are clearly hopeful concerning the usefulness of those elections and the 23.9 percent wanting to "wait and see," there is a majority which is giving the new government at least the benefit of the doubt. Cavaco's period of grace is not going to be denied him.

But it will not be a liberal one. It is not astonishing that in the six cities polled, disbelief should have reached its peak in Evora (where 49.9 percent expect nothing good), having been hammered into existence by propaganda from the APU [United People's Alliance], which was loudly demanding elections on the grounds that a new government with a new policy was needed but which, following its holy rule, always finds each new government worse than the last.

Probably greater perplexity will be caused by the finding that the greatest discouragement was revealed by the highest socioeconomic class, where a solid majority of 52.3 percent feel that the elections did no good. What is this, you fine people? After all, you may be worried about the presidential election, and you have already read in the newspapers that there will be new legislative elections in 1986--but even so, your attitude shows discourtesy toward the big winner on 6 October.

In any case, and putting it in less radical terms, hopelessness--or an uneasy reserve--extends to the moderately well off and the poor, to men and women, and to the old as well as the young--especially the latter, 46.2 percent of whom expect no relief from their afflictions. If Cavaco's government eventually brings some comfort to all of this, that comfort will have the very special savor of gifts that one was not expecting.

"Us" in Power!

Which seems better, or less bad, to you: a) a minority government by "your" party or b) a majority government by a party or parties that you do not like?

Type of government preferred	Percent
Minority government by "my" party	45.7
Majority government by "them"	39.3
No answer	15.1

The poll we published a week ago already provided crystal-clear proof of the general aversion to mixtures: it should be recalled that an absolute majority of interviewees said that rather than confused coalition governments, they preferred a government based on a single party and able to implement its program without hindrance so as to show what it was worth or not worth (and with the corresponding reward or punishment).

One might suppose that the Portuguese are thereby pining implicitly for a new election law favoring an absolute majority of seats in Parliament for the party winning an election. But it turns out that they are content with less.

Since the question was a little obscure, let us explain it. The intention was to find out from the citizen whether he considered it better for the country to have a government formed by the party preferred by him personally--even if that were a minority government and consequently, as some would say, a shaky one--or a government under the responsibility of less likable parties but one with the advantage of being in the majority and stable.

There is no doubt: by a vote of 45.7 percent to 39.3 percent, our compatriots are more satisfied with a minority government, but one they approve of, than they are with a majority government they do not like. Stability yes, but not at any price! Instability with "our" people is better than stability with "theirs."

Although that is the dominant opinion, it is nonetheless beneficial to draw attention to the high percentage--nearly 4 out of 10--who put stability first even though that stability is not based on their own party preferences. And it is interesting that Coimbra, Evora, Vila Real, and Viseu--that is, the cities representing more or less the "real country" in this poll's universe--should adopt that patriotic attitude. The leader is Evora, where no fewer than 69.2 percent aspire to see a majority government regardless of which parties that majority consists of!

In other words, the hardline choice of a government by "our people" does appear as the overall average, but in fact, it is pushed into that position by the weight represented by Lisbon and Porto--with the rest of the country (or rather, the other four cities) disagreeing.

On the other hand, the golden rule of an attractive minority government is shared by different generations and by all social strata. It merely needs to be pointed out that in the highest social group, there is absolute predominance (51.2 percent) by those feeling that it would be more beneficial for the nation to have "their" party in power, even if it had to contend with a majority opposition.

But the sexes part company on this point of doctrine. The women, extremely loyal to their elected representatives, want to see them in power (49.8 percent) on any terms, while the men (44.9 percent), more realistic, see more future in a majority government, even one they do not like, than they do in a minority government to their liking (41 percent). They know that no business is going to move ahead as long as governments are falling every year.

Portrait of National Mistaken Predictions

How did you expect the five largest parties
to rank in the election results? (percentages)

	Ranking				
Party	1st	2nd	3rd	4th	5th
United People's Alliance	4.0	7.3	27.2	26.2	14.7
Social Democratic Center Party	1.9	5.6	13.9	19.5	39.0
Democratic Renewal Party	9.9	18.4	17.1	17.5	17.9
Socialist Party	37.9	22.4	7.9	9.9	6.2
Social Democratic Party	32.4	30.3	14.5	5.1	0.5
No answer	13.4		19.4	21.7	21.7

Well, as far as preelection forecasts are concerned, the polling institutes, which were so gloriously wrong, have the complete solidarity of the people: the prevailing conviction before 6 October was that the PS was going to win the elections--an outcome that apparently would have made many people unhappy, since 37.9 percent expected it but only 20.7 percent wanted it to happen, as we saw on the day of truth.

The PSD [Social Democratic Party] was expected to come in second, but here the figures certainly reflect the lottery atmosphere that prevailed before the elections, the reason being--look closely at the table, since describing it is difficult--that more citizens were convinced that Cavaco would win (32.4 percent in the first column) than thought that he would wind up in second place (30.3 percent in the second column). The forecast that the PS would win was simply so prodigious that it surpassed expectations concerning a victory by Cavaco. And on the question of who would come after that, opinion divided: the number believing that the PRD would enter the scene as the second-largest national party doubled to 18.4 percent [compared to those expecting it to be first], while the number predicting second place for the PS shrank to 22.4 percent.

Pursuing their path of delusion, those polled had become convinced that third place would go to the APU (an outcome predicted by 27.2 percent). But--big surprise!--by some logic that regrettably escapes us (compare the third column in the table with the fourth column), the APU turns up again as the main candidate for fourth place, leaving the PRD definitely out of the running! And in fifth and last place (here, at least, those polled guessed correctly), is the CDS [Social Democratic Center Party], as predicted by 39 percent.

There turns out to be a plausible and not very original explanation for this bizarre arithmetic: no one knew where to put the PRD. Look at the line for the PRD, and you will see that apart from the superoptimistic 9.9 percent who were dreaming of Herminio Martinho as prime minister--so much for brass--the percentages predicting second, third, fourth, or fifth place for the PRD are all extremely similar, ranging from 17 to 18 percent.

One touching aspect of the poll is that no fewer than 4 percent of those polled lived until 6 October in the belief that the Communists would actually win the elections. There were also--a tip of the hat to them!--1.9 percent who were such inflexible supporters of Pires that they expected the CDS to make a clean sweep! As counterpoint to that, 6.2 percent were so very mean-spirited that they actually predicted fifth place for the PS--perhaps because the poll did not ask them about sixth place.

Some details: Coimbra, Evora, and Viseu were correct in predicting Cavaco's victory. Women, young people, and the rich were also clairvoyant in that respect. But no city, sex, generation, or pocketbook was able to guess that the PRD would wind up in third place.

Reader Lives on Hope Until...

Did you hope that the party you voted for would win the elections?

Answer	Percent
Yes	61.4
No	32.5
Did not vote	4.4
No answer	1.7

And the most amusing thing is that since every human being is a combination of brain and heart in inextricable doses, 61.4 percent said they had nourished hopes of an election victory by the party they voted for! This is where we surrender. If 37.9 percent took it for granted that the PS was going to win, if only about 20 percent voted for the PS, and if less than 30 percent voted for Cavaco--how the devil could nearly two-thirds of those polled imagine on 6 October that they were backing the winning horse? And how could it happen in all six cities and regardless of sex, age, or social status? We are not challenging sociologists here: only psychoanalysts and other experts on the subconscious will be able, perhaps, to penetrate these depths of voter psychology.

No Need To Tire Oneself out

Did the election campaign influence your vote?

Answer	Total
Very much	3.4%
A little	29.7
Not at all	60.8
Did not vote	4.2
Don't know	1.7
No answer	0.2

It's enough to break one's heart--think of the rivers of money spent on the campaign (although keeping in mind, by way of consolation, that the money came to rest in the pockets of our compatriots in "show biz," printing, design, and marketing)--and look at that discomfiting figure of 60.8 percent of our citizens whose votes were in no way influenced by the campaign. Desolation! Does this mean that the candidates caravaned through the dust of the roads and wore out their hands with handshakes--without anyone paying any attention to them?

The figures are there. Precipitate suicide in the face of such cruelty should be weighed against the satisfaction to be gained from pointing out that on the other hand, and despite everything, the campaign did have some effect on one-third of the population. Even more comforting is the suspicion that the campaign had tremendous influence--and that people were just not aware of it.

But how can one accept the self-sufficiency of 65 percent of the men (the women admit, despite everything, to being less impervious) and 73.2 percent of the rich when they proclaim that the campaign did nothing for them? One has two choices: either to decide that they are lying shamelessly or to try to conduct different campaigns in the future.

Television Rules

What interested you most about the campaign?

Answer	Total
Televised debates	48.0%
Television and radio coverage	40.4
Street posters	3.4
Parties and rallies	12.6
Reading newspapers	4.9
Auto caravans	3.6
None of it	16.4

Another lesson to think about is that taught by the relative importance assigned to activities in the context of that campaign which neither excited nor cooled the enthusiasm of most citizens. What counted by far the most, and despite everything (according to 48 percent), were the televised debates--even though they had to be staged according to the ethical dictates of the Media Council, which threw out ordinary journalistic standards (suspected, as it happens, of sinful pro-PS contamination). Although bored, the nation did not miss a minute of the debates it was possible to serve up. And it paid attention. Especially worthy of note is the profound impression made on the least privileged socioeconomic classes by those three-way face-to-face encounters between Cavaco, Almeida Santos, Cunhal, and Lucas Pires--which penetrated deeply into 75 percent of the poor, who were surely bewildered by such propriety in language.

The Portuguese (or 40.4 percent of them) also kept up with the broadcast time that the RTP [Portuguese Television System] sandwiched in between its two most popular programs: television news and soap operas. They probably also thought about the radio propaganda entering through their ears when they did not feel like turning off the set.

Parties and rallies (the distinction is complicated) stirred people up (12.6 percent), but it should be noted that those events were most popular with the middle class (15.2 percent) and the women (16 percent).

As far as street posters are concerned, the verdict is clear: they are not worth the trouble. They moved no more than 3.4 percent of the population--and at the cost of so much paste, so much member activity, and so much art! But ignore the fact that newspapers--how discouraging, since we ourselves are a newspaper--did not do much better: fewer than 5 percent of those polled were sensitive to the tremendous effort by the press to inform.

Appeal for Change

How many times have you changed your vote
in the six parliamentary elections since 1974?

		City					
Answer	Total	Lisbon	Porto	Coimbra	Evora	Vila Real	Viseu
Once	28.9	26.2	36.1	30.4	23.2	48.3	19.2
Twice	14.3	15.0	14.6	10.5	5.0	17.0	12.4
Three times	4.0	3.4	5.0	1.4	3.8	26.8	6.5
Four times	.6	.7	-	.7	2.0	-	4.1
Five times	.2	-	-	-	6.3	.8	-
Never	41.9	52.7	14.3	45.7	52.1	3.4	27.5
Never voted	2.0	2.0	1.9	3.4	2.0	2.5	1.3
Don't know	.2	-	-	3.8	.9	-	-
No answer	7.8	-	28.1	4.1	4.7	1.1	29.0

The Portuguese make their own decisions on how to vote and have done so since 1974--or at least they enjoy that sweet illusion. An impressive total of 41.9 percent say they have never been turncoats, and that represents considerable persistence in view of a history of six elections to the Assembly of the Republic and six consequent disasters (or five, if we consider that the first Parliament's "only" job was to draw up the Constitution).

Even so, that is higher than the percentage of those who became disillusioned and tried something different at least once (48 percent). Long live the young Portuguese democracy (and down with hackneyed phrases) in which the voters are in fact no one's feudal property. The 28.9 percent who changed parties only once in 11 years are no mystery: one nas only to remember the large number of genuinely antisocialist votes that went to the PS in 1975 in a desperate attempt to stop Vasco. Then there were the famous floating voters who supposedly deserted Soares in 1979 and 1980 to support Sa Carneiro in their thirst for a majority and for peace--only to return with their heads down in 1983 because of their distrust of Mota Pinto's all-inclusiveness. That group may include the 14.3 percent who switched their vote twice. The alluring difference represented by the PRD in these latest elections probably also made its contribution to the ranks of those two groups of fickle voters.

The 4 percent who changed their vote three times provide wide scope for speculation: did their path lead them from the PS through the AD [Democratic Alliance] and back through the PS to the PRD? Or from the MDP [Portuguese Democratic Movement] through the PCP and the APU to the PRD? Let us lay aside conjecture--it is said that the job of newspapers is to inform. As for the 0.6 percent who changed banners four times and the 0.2 percent who changed their minds five times--unbeatable!--let their respective families seek an explanation and try to calm them down.

Lisbon (52.7 percent) and Evora (52.1 percent) hold the absolute record when it comes to loyalty and consistency. At least they say they do and that newspapers have muddied the waters. Vila Real, where only 3.4 percent say they have never changed their vote, is the least predictable--nearly half of that city's population (48.3 percent) has changed parties at least once, and 26.8 percent have done so three times! The next most frisky city is Porto, where 14.3 percent have remained indefectible through six elections and where 55.7 percent have been fickle.

Men are more steadfast as voters than women are (46.6 percent of the men have voted obstinately for the same party, compared to loyalty by 37.7 percent of the women), and the same is true of older people in comparison with the young (37.5 percent of those under 45 years of age show unflagging loyalty, compared to 46 percent among those older than that). By socioeconomic class, party loyalty varies in inverse proportion to what one owns. Whereas 55 percent of those in the large lower class always vote the same way, that percentage shrinks to 41.4 percent in the middle class (where almost one-third have changed their minds once and 12.4 percent have done so twice) and to 37.3 percent among the well off (of whom 21.7 percent have changed heroes once and 25.3 percent have done so twice).

The more spare time a person has for reflection, the more he concludes that he made a mistake in the past.

Local Elections: Majority Persists

In the local elections, do you intend to vote for
the same party that you voted for on 6 October?

		City					
Answer	Total	Lisbon	Porto	Coimbra	Evora	Vila Real	Viseu
Yes	76.4	80.5	72.5	55.0	68.5	66.5	69.0
No	9.8	8.9	12.1	8.6	10.7	14.2	9.3
Did not vote	2.2	1.7	1.2	10.7	4.8	4.4	1.3
Don't know	11.3	9.0	13.4	23.7	14.1	14.9	19.2
No answer	.4	-	.8	2.0	2.0	-	1.3

But apparently, 2 months are not enough time for metaphysical reflections: in the upcoming local elections, 76.4 percent of those polled--a respectable majority--intend to vote the way they did on 6 October. And at 80.5 percent, Lisbon turns out to be particularly firm in that intention--although when the poll was being conducted, they did not know that their promising PRD candidate was going to decide not to be a candidate for the Municipal Chamber.

At any rate, nearly 10 percent of those polled say straight out that in the local elections, they intend to vote for a different party or coalition than the one they chose in the legislative elections. That is the intention of 12.1 percent of those in Porto, while the figure rises to 14.2 percent in Vila Real. And to that we must add the 11.3 percent who are undecided. Does this reflect a movement to correct the excessive punishment meted out to the PS? Or more simply, does it reflect the influence of local factors?

The middle class seems to be the group most determined to stick to its choice to the end: 78.9 percent in that class say they will vote the same way this time, and only 6.2 percent intend to change. On the other hand, more than one-fifth of the rich (20.6 percent) and 15.8 percent of the poor plan to switch their vote.

What conclusion should we reach? None. After the shock of 6 October, only the most foolhardy would risk making more predictions.

Technical Data

Universe: Portuguese population over 18 years of age residing in the cities of Coimbra, Evora, Lisbon, Porto, Vila Real, and Viseu. Sample: 604 individuals. Sampling: random, stratified by city, nonproportional imputation. Selection: Random, using the random route method to select homes and the Kish method to select the individual to be interviewed within each home. Technique: direct and personal interviews at the interviewee's home, using a structured questionnaire. Sampling points: six cities in which starting points were selected. Fieldwork: interviews conducted during the period between 9 and 16 October. Margin of error: At the total level, the error is +4 percent in a confidence interval of 95 percent. For P = 50 percent. Institute responsible: the poll was conducted by NORMA, Inc., the Portuguese member of Gallup International.

11798
CSO: 3542/31

POLITICAL PORTUGAL

COUNTRY SEEN ARENA OF U.S. - USSR CONFRONTATION

Lisbon TEMPO in Portuguese 6-12 Dec 85 p 2

[Editorial by Nuno Rocha]

[Excerpts] A psychological analysis of Ramalho Eanes can be made only by those who know him privately. For politicians in general, Eanes continues to be an enigmatic and undefined figure. He supports Salgado Zenha together with the entire military left and the PCP [Portuguese Communist Party], just as he stimulates businessmen from the North and others who visit his home. When he awards decorations, he selects both men of the left and of the right. Through the voice of Melo Antunes, he does not allow persecution of the communists following 25 November, just as he later facilitated the return of Americo Thomaz to Portugal. In preparing this analysis, it is important to evaluate the consequences of each of these attitudes displayed by Eanes. When he prevents persecution, even only ideological persecution, of the communists he is rendering a service to the left: When he allows Americo Thomaz to return to the country, he is not benefitting the right. Are we facing a new Kerenskiy? Or will Eanes--in the midst of the storm that will follow the presidential elections--manage to stick firmly with the national interest?

While Eanes is very much the key to present-day Portuguese problems, there is another figure that rises at this same level. He is Cavaco Silva, head of an administration that continues to enjoy significant credit among national public opinion. The rigor with which he faces the various difficulties arising in front of him has turned Cavaco Silva into a dominant personality during this historical epoch. When he picked Cardoso e Cunha to be a member of the EEC Commission, Cavaco Silva once again gave an idea of what his action will be. He disdained the politicians and gave his confidence to a technician. ...Cavaco devotes himself to government tasks day and night. He has practically abandoned party activities and devotes himself to the practice of a policy of results. This is why he had to divorce himself from the campaign of Freitas do Amaral, the candidate with whom he had entered into an agreement and whose victory is indispensable to the success of his policy. Oddly enough, the future of Portugal is in the hands of two antagonistic men: Ramalho Eanes and Cavaco Silva. If Salgado Zenha should win the elections, Ramalho Eanes will have the way open to become chairman of the PRD [Democratic Renewal Party] and then to prepare the assault on the Constitution, thus building the presidential system that will give him an authoritarian role in the country. If Freitas do Amaral wins the election, Eanes will have suffered a defeat. On the other hand, Cavaco Silva will have managed to hold on to his national development project which he hopes to complete by the end of the decade.

Our intentions and our anticipations are one thing but reality is another thing. A new bitter battle is shaping up in Portugal between the United States and the Soviet Union. The situation is not the same in Spain where there are domestic ideological currents that face each other once the Communist Party has been wrecked. The liberal economy blueprint which Cavaco Silva wants to implant in Portuguese society will not be successful if Salgado Zenha wins the elections because that would mean that the country's economic fabric will be completely torn apart. The administration will have to analyze a national situation that will feature a depression. Optimistic words are not enough. With every passing month, more and more enterprises owe more to social security, to the unemployment fund, and to the treasury in general. The number of enterprises which are behind on their wage payment keeps going up day after day and the situation is becoming chaotic during this month as a result of the payment (if possible) of the Christmas bonus. Government economists were talking about an increase in investments but that increase did not materialize. Interest rates continue high and enterprises are not making any profits simply in order to pay the interest. On that score, we are in the realm of utopia. When people said that the administration could increase retirement benefits, we did not expect that there are still retirement pensions in Portugal--for the most part, which are on the order of 3 and 6,000 esc. Without a basic revolution, the country will not make any progress even with the serious and competent decisions made by Cavaco Silva and his excellent administration. How are Portuguese enterprises going to cope with their liabilities if access to credit is to be made difficult by the bureaucracy? The banks are making loans which require more and more guarantees and that limits the financial operating room of those who want to get out of the crisis. A retiree today should not get less than 40,000 esc per month and bank loans should not call for an interest rate of more than 10-12 percent for somebody to be able to think in terms of taking a risk and making an investment. We know that these goals are not possible right now but the important thing is to know that the country will emerge from the gigantic crisis in which it is now only if we reach those goals.

What is the meaning of this analysis and what is the relationship between the crisis and the presidential elections? The fact is that the economic problem cannot be solved if the political problem is not also solved. This solution involves the presidential elections and this explains the anxiety and panic which these problems trigger among national public opinion; this can be seen in the commentaries in the newspapers and in the articles by foreign newsmen who report on the real situation such as it exists in Portugal.

Well, now; What do we have to do? We have to help the Cavaco Silva administration in implementing a result-oriented policy without delay, in the expectation that Freitas do Amaral, with its support, will win the January elections. We must not oppose Mario Soares, allowing him also a chance of winning, since through him it will perhaps be possible to amend the Constitution and save the Socialist Party from destruction and from being encircled by the PRD and the

PCP. These suggestions are aimed at defending only the national interest and they are not directed against any person. A new deadlock in Portugal's political situation, deriving from the coming presidential elections, will doom to misery another two or three generations, in addition to our own.

5058
CSO: 3542/48

POLITICAL PORTUGAL

BRIEFS

AMARAL-COMMISSIONED POLL RESULTS--A NORMA poll commissioned by Freitas do Amaral's campaign service and covering about 1,000 individuals shows Amaral as the winner in the first round and Pintasilgo as the best-placed candidate in the second round. The poll, which was conducted after support by the PSD [Social Democratic Party] was officially announced, indicates that Freitas do Amaral's score has improved in comparison with previous polls and that Pintasilgo has suffered a slight setback. If the first round were a contest only between the three candidates already in the race, Freitas do Amaral would win with 29.7 percent, Pintasilgo would be in second place with 28.6 percent, and Soares would come in third with 15.9 percent, thus being eliminated immediately. About 12 percent would be undecided. If Costa Braz also took part in the first round, the results would not be very different, since that former candidate would not obtain more than 1.3 percent, leaving Pintasilgo's hegemony in the Eanist area intact. The poll indicates that in the second round, Soares would still be the loser and Pintasilgo the winner, although, as we said, her margin of victory would not be as wide as indicated in previous opinion polls. The result is that Soares would lose both to Freitas do Amaral (26.3 percent to 35.3 percent) and to Pintasilgo (25.1 percent to 36 percent). The big clash between Pintasilgo and Freitas do Amaral would result in a victory for Pintasilgo (38.3 percent to 34.2 percent), with the special circumstance that Freitas would win in the smaller urban centers and in the North. [Text] [Lisbon SEMANARIO in Portuguese 9 Nov 85 p 64] 11798

CSO: 3542/31

VPK, SOCIALISTS REMAIN AT ODDS OVER POLICIES

Stockholm DAGENS NYHETER in Swedish 11 Dec 85 p 10

[Article by Ake Ekdahl: "No Rapprochement Between Social Democrats and VPK"]

[Text] There are no signs of any rapprochement regarding economic policy between the administration and the VPK [Left Party-Communists] in Parliament. This was concluded both within the administration and by the VPK after the first and only meeting between them at Rosenbad.

The talks took place at the request of the communists, who want information about how the administration intends to conduct its economic policies over the coming 3-year period. The VPK refuses to be regarded as a spare wheel in Parliament to which the government can resort when the nonsocialist parties form blocs.

According to the VPK, the administration should adapt its policy so that the "worker majority which is present in Parliament after the election" can form a basis for an equitable distribution policy.

Participants from the VPK in the meeting were party chairman Lars Werner, party secretary Kenneth Kvist, member of Parliament Jorn Svensson and member of Parliament Lars-Ove Hagberg. The latter has openly criticized the party leadership for jeopardizing the VPK profile through excessively cheap agreements with the Social Democrats.

The administration was represented by Deputy Prime Minister Ingvar Carlsson, Finance Minister Kjell-Olof Feldt and deputy parliamentary group leader Ivar Nordberg.

Both sides gave an account of their positions regarding economic policy and were able to state that the distance between them was tangible. The VPK pushed for the distribution policy and demanded greater economic margin for income earners below the so-called break point, that is to say annual income for full-time workers under 120,000 kronor. The administration reported on its anti-inflation policy and its goal to reduce the budget deficit.

No concrete proposals in the upcoming national budget were discussed. One concrete topic of discussion involved the collective affiliation issue. The matter will be discussed in Parliament this spring, and the VPK announced to the government that the communists remain by their opposition on principle. The difficulties for the VPK this year are that it is no longer enough to abstain from voting when the nonsocialists bring up demands for a statutory prohibition.

After a bite of food and coffee the participants ended the meeting without giving each other any guarantees for the future and without deciding on any new rounds of negotiations.

11949
CSO: 3650/87

LIBERAL PARTY CONTINUES POST ELECTION RISE

Stockholm DAGENS NYHETER in Swedish 18 Dec 85 p 8

[Article by Dick Ljungberg: "Liberal Party Has a Tail-Wind"]

[Text] The Liberal Party continues to sail with the voters' tail-wind, while the Conservatives and Social Democrats have been losing since the September election. In November the Liberal Party had 17.9 percent of the votes, according to the Central Statistical Bureau's [SCB] party preference poll.

About 9,000 persons were interviewed for the poll during the period 28 October-20 November, that is to say before Center leader Thorbjorn Falldin stepped down.

The SCB's figures (with the September election result in parentheses): Center Party 9.7 (10.1), KDS [Christian Democratic Union] 1.8 (2.3), Liberal Party 17.9 (14.2), Conservatives 20.4 (21.3), Social Democrats 43.6 (44.7) and VPK [Left Party-Communists] 5.1 (5.4). The gains for the Liberal Party and the losses for the Conservatives and Social Democrats since the election are statistically assured.

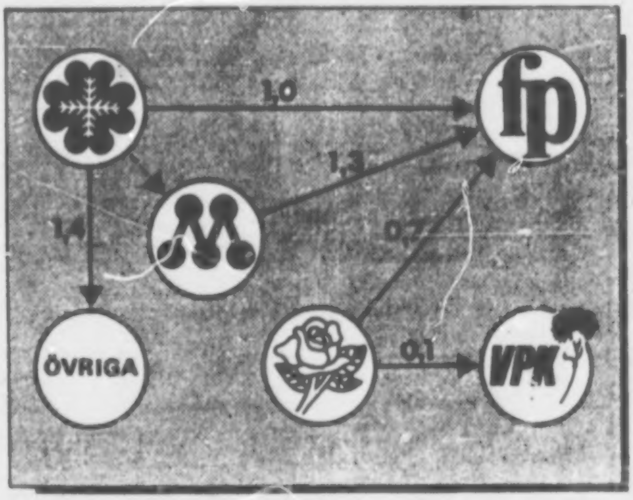
Backward

The difference between the blocs is very small and not statistically significant. The socialist bloc would have received between 48.0 and 49.3 percent in an election in November as against 47.3 to 48.7 percent for the non-socialists, excluding the KDS. This means that the socialist parties have suffered a statistically assured loss of 0.8 to 2.1 percent since the election.

The Liberal Party's gain since the election lies between 3.0 and 4.4 percent and is based on statistically assured net gains from both the Center Party and the Conservatives as well as the Social Democrats. About 1.3 percent of the net gain comes from the Conservatives, about 1 percent from the Center Party and about 0.7 from the Social Democrats.

The Center Party's slide since the election is not statistically assured. In addition to the losses to the Liberal Party a smaller net flow has gone to the Conservatives as well since the election. The 0.4-1.9 percent Social Democratic loss since election is statistically certain. In addition to a loss of votes to the Liberals, they also note a small net flow to the VPK.

In comparison with the corresponding SCB poll in May this year, the Liberals have gained strongly in all population groups based on age, sex, families with children, professional groups and regions. The Conservatives show losses in most groups compared with May. The Center Party does too, to some extent, but they were already in a poor position 4 months before the election.



This is how the statistically assured net flows have passed between the parties from the September election this year until November, according to the SCB. Example: The Liberal Party got 1.3 percent of the voters from the Conservatives. The Center Party's outflow to "other" parties contains mostly KDS votes. A broken arrow means that the flow is statistically assured in direction but not in size.

The Liberal Party Is Gaining

As an example may be mentioned that since May the Liberals have gained in all age groups and have at least doubled their share in most. The Conservatives, on the other hand, have lost significantly in all age groups up to 65 years.

In comparison with May the Center Party and the Conservatives have suffered clear losses among civil servants, while the Liberal Party has gained. The Liberal Party has even gained clearly among the farmers.

The Liberal Party made its election gains above all in the major cities and that trend continues. In Stockholm municipality the Liberals got 15.8 percent in the parliamentary election and now, according to SCB in November, it has about 20.3. In the election the Conservatives got 30.2 in Stockholm municipality, but they get about 26.3 according to the SCB. In Stockholm county the changes for both parties have been smaller since the election. In the SCB's poll in May the Liberals had about 7.2 percent in Stockholm county, and the Conservatives about 39.0.

11949
CSO: 3650/87

YOUTH POLLED ON NATIONAL, INTERNATIONAL PROBLEMS

Geneva JOURNAL DE GENEVE in French 3 Dec 85 p 4

[Article by Therese Obrecht: "Survey in Switzerland: The World Seen by the Young People"]

> [Text] More than 500 students have taken part in a survey on the theme "the world in which we live," compiled by two sociologists within the framework of the International Year of Youth.
>
> Commissioned by the Swiss committee for UNICEF, the DDA (Directorate for Coordination in Development and Humanitarian Aide) and the Third World school service, Monique Dirsch-Cahannes and Uli Tecklenburg, presented last week (see our issue of 28 November), the results of their survey. We are publishing below an interview with the two researchers who summarize the objectives, methods, and conclusions of their work.

[Question] What was the objective of your survey?

[Answer] The three commissioning organizations have already been working in the schools, particularly in the field of information on the Third World. They wanted to define their "public target" in order to know better in which context to place their activity. They wanted to state clearly, in a systematic way, the perception, knowledge, opinions, and attitudes of young people in relation to the world about them and to define to what extent they are tied to social conditions as well as scholastic environment.

[Question] Can you summarize the main findings of this study?

[Answer] The essential point perhaps is that preconceived ideas have been questioned. For example, the idea that presumes that as knowledge increases, so does the inclination to help countries of the Third World also increases. The responses to our questionnaires show that a majority of girls and of younger students demonstrate a desire to act, which is born of a sentiment that we have called "unsophisticated justice," which is motivated especially by religious values (helping one's neighbor). For these students, these values appear almost as important as the feeling of being in harmony with their family and social surroundings, including their friends.

[Question] How did you proceed?

[Answer] We chose three classes divided proportionally (in relation to the total population) in the three linguistic regions, with quotas assigned by canton and by level of education. Then we selected randomly any class in a given school. We received 39 refusals primarily because the municipal authorities were opposed to the survey for lack of time, etc. The questionnaires written in three languages--the Romansch section unfortunately could not be included for financial reasons--were distributed to the teachers and filled out by the students who had not been prepared for this exercise. Overall, 5,023 students from the 7th, 8th, and 9th grades participated anonymously in the exercise. The average age ranged from 13 and a half to 15 and a half.

[Question] How did you handle the results?

[Answer] First we codified the 35 questions so that later we could deal with them by computer at the Universities of Geneva and Lausanne.

[Question] What approach did you take?

[Answer] By taking various approaches we tried to compile the picture the Swiss young people have of the world and of their own country. One of the first questions introduced 14 problems that they had to assign either to the world in general or to Switzerland. The problems of the world in general have to do with one's own survival; while those of Switzerland have to do with an assured way of life.

[Question] How do you account for the visible regional differences in the two tables shown below?

[Answer] We have no rational response to that question. The perception of reality is in no way what reality is, at least not all reality. It involves instead a social structure that may change in space and in time, according to a person's social standing. Often it also involves finding a scapegoat. For example, take the case of drugs of which the residents of Tessin are so acutely aware. This awareness is perhaps due to the fact that the use of drugs is more a problem when it is socially visible. There are no large cities in the Canton of Tessin; the use of drugs is then more visible and its control is more strict than elsewhere. Let us add here the proximity of Milan, a central point for the traffic in drugs, and the fact that we made our survey at the time of the "pizza connection" revelations.

Along side these "objective" reasons, however, the fact remains that it is the girls, particularly, who are concerned about this problem (although it is a well-known fact that they use much fewer drugs than boys), which tends to indicate the existence of a socially structured problem.

[Question] Let us go on to the perceptions of the Third World considered to be a "poor and starving Africa" in the eyes of the young Swiss. You also sense a certain contempt linked to a feeling of superiority. Where does this stereotyped and simplistic impression come from, one that is apparently so widely held among our adolescents?

[Answer] First, it can be said that it is those students from lower social classes who, following a well-known pattern, show a contempt for those who are at an even lower social scale than their own. This contempt, moreover, ties into the analyses compiled for customers from the ultra nationalist parties and is explained by the fear and the rivalry that exists in the work place and the home.

We then established that students from the Romansch and Tessin regions have a more formal or bookish knowledge of the Third World. German-speakers have a more "informal" or practical knowledge.

[Question] Can you be more explicit?

[Answer] We asked students what recent event in the Third World is it that they remember. More than one student out of four (27 percent) recalled no event. There were large regional differences (24 percent in German-speaking Switzerland; 33 percent in Romansch-speaking Switzerland, and 34 percent in Italian-speaking Switzerland). Fifty-one percent of the young people cited hunger (generally in the Sahel or in Ethiopia). Other events recalled were marginal in comparison with the predominance of hunger; 14 percent cited catastrophes (Bhopal, an oil refinery explosion in Mexico, floods in Bangladesh), and 10 percent cited wars (especially the Iran/Iraq war).

[Question] Is this difference between a "formal" and "informal" knowledge indicative of the educational system in the various linguistical regions? For example, is there a greater curiosity among the German-speakers who obtain their knowledge from other sources of information?

[Answer] That may be the case; however, it can also be said that the analysis of the students' responses from the Tessin and Romansch areas--who explain Third World poverty by the fact that the area has been exploited by the rich countries--shows the students to be more politicized and structured. Moreover, they (the students) are more inclined to get involved than their German-speaking comrades. To take this reasoning further, we should add that a more open access to the media, perceptible in the German-speaking area, does not, however, lead to a greater desire to get involved.

[Question] But, in another connection, you prove that the level of knowledge does not necessarily affect one's getting involved....

[Answer] That is right, we said it above. Those who are better acquainted with the world situation--the older boys who attend a superior type of school--cannot make a decision to get involved. Are they waiting for a change in policy or have they resigned themselves to facing the seriousness of the world's present problems? And if we are the ones who ask the question, it is because another survey would be required to answer it!

The World's Main Problems

[in percent]

Problem	Switzerland Total	German Switzerland	Romansch Switzerland	Italian Switzerland
Hunger	69.8	69.7	70.7	68.9
Environment	50.6	58.5	30.0	25.1
Armament, war	41.2	41.4	39.7	42.7
Unemployment	30.5	30.8	29.5	32.4
Inequality	24.5	24.9	22.5	22.5
Drugs	21.8	20.2	23.0	45.3
Racism, xenophobia	20.6	15.7	36.3	22.0
Overpopulation	10.2	14.3	10.1	7.7

Hunger is by far the main problem for the young people in all the linguistical regions. Above all, it is the girls and the younger students who are sensitized to it, while the older students and those from a higher social level are particularly worried about armament, war, and the environment.

Switzerland's Main Problems

[in percent]

Problem	Switzerland Total	German Switzerland	Romansch Switzerland	Italian Switzerland
Environment	72.8	78.3	59.2	51.9
Unemployment	48.5	48.7	44.6	67.8
Drugs	43.3	45.3	33.9	58.7
Too many foreigners	33.1	31.8	38.0	28.7
Racism, xenophobia	18.9	15.2	31.9	11.4
Egoism, individualism	18.3	17.0	22.4	17.6
Young people's problems	17.3	17.9	15.0	21.3
Life's problems in common	13.5	13.1	15.0	12.4

A third of the problems affecting Switzerland are scored higher, above all, by the German-speaking students, by the mere fact of their numerical predominance. A relative analogy is established between Romansch-speaking and German-speaking Switzerland, except that the overpopulation of foreigners in Switzerland is more of a concern to the former than to the latter. Swiss Italian-speakers place unemployment in second [as published], not drugs.

The pamphlet "The World in Which We Live" (80 pages) will be distributed by the Third World Schools Service, 10, Chemin des Epinettes, 1007 Lausanne, Telephone: (021) 26 84 33.

9766/9365
CSO: 3619/13

NAVY'S OPERATIONAL COMMAND CHIEF OPPOSES MOTHBALLING SHIPS

Copenhagen AKTUELT in Danish 15 Dec 85 p 12

[Article: "Navy Operational Command (SOK) Boss Thumps the Table"]

[Text] The war of words over the future of the two Danish frigates in the navy is bursting into flames in the periodical FORSVARET I DAG [THE ARMED FORCES TODAY], in which one of the most ardent advocates in behalf of the frigates, the commander of the Navy Operational Command in Århus, Rear Admiral Jørgen F. Bork, says that he "is completely unable to understand the fact that in certain political quarters in this country" aversion has been expressed toward there being frigates in the navy henceforth.

Jørgen Bork has been so ardent a spokesman in behalf of the frigates that the other day in the same political quarters he was strongly criticized for his contribution to the debate.

The background for the debate regarding the frigates is the fact that according to the armed forces compromise between the government parties and the Social Democratic Party they are to be put in "mothballs" next year. That is, the old frigates will retire from active service but can be brought into action in case the need for them should arise.

Jørgen Bork substantiates Denmark's continued need for frigates by the fact that the navy in case of war cannot count on the air force's being able to afford sufficient protection against attacks from the air on ships, for which reason ships themselves must carry weapon systems to combat these enemy planes. And such weapon systems are found only on larger ships, including frigates.

8831
CSO: 3613/49

NEW PEACE RESEARCH CENTER TO STUDY 'DEFENSIVE MILITARY'

Copenhagen BERLINGSKE TIDENDE in Danish 15 Dec 85 Sect III p 7

[Article by Jørn Mikkelsen]

[Text] Abuse is being showered on the newly established Peace and Conflict Research Center in Copenhagen, which studies Denmark's possibilities of setting up a 'defensive military.' The staff at the center regard the criticism as an indication that the defense debate in this country is making progress.

Seas are running high in connection with the newly established Peace and Research Center at Vandkunsten in Copenhagen.

In the course of the last few months, the center has caused such a reaction to its ideas on an alternative 'defensive military' as to make Defense Minister Hans Engell feel compelled to write two entire columns in BERLINGSKE TIDENDE recently, following the latest move on the part of the Peace and Conflict Research Center.

In his commentary, the minister stated outright that 'defensive military' is a concept "introduced more or less as a slogan by circles closely associated with the neutralist section of the peace research movement, the actionist section of the Anti-Nuclear Arms Movement and the political left wing."

Nor does the Defense Command think much of the center and its activities. A constant flood of accusations, stamping 'defensive military' as "wishful thinking," "hopelessly amateurish," and "primitive ravings," emanates from Vedbæk.

"Cocksure"

The center has taken many knocks and is only now learning how to escape unhurt.

"Most of those attacking us do not know what they are talking about or what it, actually, is that we are working on in this center. They act in an unbelievably cocksure manner and, certainly, do not contribute to furthering the open debate on Danish defense of which we are in such an urgent need and which we, at this center, consider our foremost task to promote. Admittedly, however, the critics, sometimes, come up with questions which we consider relevant and find should be included in our research," says Anders Boserup, assistant professor.

Anders Boserup is in charge of the project on defensive military which is one of the two projects on which the center is working, and the most explosive one. The other project concerns nonmilitary aspects of European security and is headed by the West German Egbert Jahn.

The four other members of the staff are university graduates in geography, social sciences and history, and a couple of them are involved with the peace movement.

Triennial Research Program

After some tug-of-war, the majority of the Folketing agreed in 1984 to the proposed Danish Peace and Conflict Research Center. It started in January of this year but has only begun its work in the course of the summer.

Critics are of the opinion that it was due to the lack of qualified applicants for the six positions at the center.

The research program is triennial and has 9 million kroner at its disposal. Part of the funds will be spent on the publication of a periodical which is to be the forum for the ideas concerning an alternative to the present defense. The said periodical, KRIG & FRED, is scheduled to appear 4 times annually, and a journalist of the daily INFORMATION will become its editor. Critics point out that, although the target audience, ostensibly, will be ninth and tenth grade students, folk high schools, political parties, peace movements and organizations, it is so difficult to gain access to it that only the initiated will have a fair chance.

Peace research is a new discipline in this country, but it has been in progress abroad for many years. Best known is the Norwegian peace researcher Johan Galtung, who, as early as in 1959, established a peace research institute in Oslo, and who has subsequently launched the discipline in a number of other West European countries.

Definition for Peace

Another well-known peace researcher is his Danish disciple Jan Øberg of the University of Lund [Sweden]. He is the one who defines peace as follows:

"The permanent social process, the purpose of which is to develop security and ensure the development of the whole human being and all human beings on the basis of a model of needs(!!)"

Indeed, peace is a complicated matter, and others have got different definitions.

The absence of war, the absence of violence (national, international, social, etc.), justice.

The concept of peace has become expanded of recent years. Peace may now also be the absence of structural violence. On this aspect, Hans-Henrik Holm of Aarhus University states in the most recent issue of KRIG & FRED:

"In choosing to spend more money on expanding our network of motorways rather than on admitting an increasing number of refugees into Denmark, we commit structural violence, in that we treat one group (owners of automobiles) better than a group of homeless, persecuted people. Peace is not compatible with such structural violence. To peace researchers of today, peace has become an almost universal term, synonymous with the term justice. Where there is justice, peace prevails."

On the other hand, scholars totally disagree on the definition of justice, Hans-Henrik Holm admits.

The Center and the Socialist People's Party

Anders Boserup scouts the charges against the Danish Peace Research Center of carrying on political research.

"What we are trying to do is to draw the attention to certain things which may become part of an open and factual debate on the future of the Danish military. We hope very much that the Defense Establishment will participate in this debate, and we feel that things have slowly begun to move. We are not claiming to have a ready plan for rearranging our military, but we are working on certain ideas which are aiming in a different direction from those which have hitherto prevailed within the Danish military."

He recognizes the sharp distinction between the nonsocialists, who clearly oppose the idea of a defensive military, and the left wing, ranging from the Social Democratic Party and farther to the left, who are more positive to the idea, but he rejects the idea that the center would be pulling the strings for the Socialist People's Party in connection with the security policy debates in the Folketing.

"That is really ludicrous. The Socialist People's Party is entirely divided, and there simply is no unequivocal idea of what defensive defense actually means. There are many different interpretations, but the main objective is the same, viz. to indicate to a potential opponent that we cannot and will not wage an offensive war. Incidentally, I assume that there is nothing wrong about having a political affiliation, provided that what one does otherwise results in a qualified debate. Our task is to develop an expertise and a knowledge by which the politicians may benefit if they want to."

Anders Boserup goes on to say that he does not find the distinction between opponents and advocates of a defensive military as sharply defined as indicated by the public debate.

"Every month, we conduct seminars, in which a number of military people, civilians of different opinions and peace researchers participate, and in these seminars we, actually, have a constructive debate which does not reflect the heated articles in the newspapers," he says.

Discard F 16 Fighters

And what about the content of the doctrine on a defensive military. As stated earlier, there is a good deal of confusion, much disagreement and far from clear answers to everything. But these are the main features.

The aim is to rearrange the military from being offensive in its structure to becoming defensive. That is to say, we have to set up our military in such a way as to persuade the Warsaw Pact that Denmark and Western Europe cannot wage an offensive war.

"It is true that, from a political point of view, NATO is defensive, but we have got lots of weapons which may be used offensively. The problem is that there is a historical tradition for the military leadership of the Soviet Union to find itself surrounded by enemies, whose sole aim is to invade the Soviet Union. The leaders within the Kremlin will have to be made to set their minds at ease about us in the West and to feel certain than not even the most critical situation will release an attack."

In order to achieve this, we shall have to decentralize the structure of, and the decision-making process within, the military, get rid of a number of our present weapons, for instance the F 16 fighters, and arrange our military in a such a way that it aims exclusively at fighting an enemy invading our own territory.

The country will have to be divided up into small geographical units, each of which will be responsible for its own defense. Each unit will be defended by very few, professional soldiers with ultramodern weapons, which will make things difficult for an intruding enemy but which may be difficult to trace and destroy, as it may only be a question of three or four men.

At the same time, a number of precision missiles will be deployed, targeted on the areas where a major enemy operation is in progress.

That is to say, if the enemy tries to land in Køge Bay, long-range missiles, deployed throughout Zealand, will be targeted on Køge Bay, destroying the invading army.

On the other hand, if a couple of enemy tanks are sighted in the vicinity of Køge, it will be the task of the local unit to destroy them.

"If there are military operations in Køge Bay, it is not at all certain that they will affect the residents of Funen," Anders Boserup says.

Network of Resistance

"The great advantage of such a system is its decentralized structure. Today, the enemy merely has to drop a couple of missiles on the Defense Command at Vedbæk and a couple of other places to put Denmark more or less out of action. By decentralizing the warfare into tiny units, it becomes exceedingly difficult for the enemy to wage war. A network of resistance will have to be deployed which will wear out the enemy and not give him a chance to deliver a decisive blow against our military," says Anders Boserup.

He rejects the idea that small, flat Denmark would be difficult to defend on the basis of this tactic.

"On the contrary, it is an advantage. The enemy has difficulty defending himself in the middle of a flat field, and he will never know when one of the small, very mobile military units will attack. In addition, how is it possible to distinguish between a supermarket truck and a truck carrying missiles? Our high degree of urbanization is a great advantage to us as it makes it more difficult for the enemy to locate our resistance units."

He is doubtful of the idea that the Warsaw Pact would be so superior, as far as equipment and the number of troops are concerned, that a military, based on these principles, would be doomed ahead of time.

"An attack on Denmark will never be isolated. It will take place as part of an action, probably against the entire Western Europe, and the worst fighting will take place in Germany. The Warsaw Pact forces will probably, at the most, be twice as large as ours, and that, actually, will make it possible for us to wear them out if we set up a network of resistance groups."

The research group at the Peace and Conflict Research Center admit that they still have not found the answer how to tackle the superiority in the air of an invading force by means of a defensive military if the idea is to abolish the Danish Air Force.

"We have to have strong anti-aircraft defenses, but which targets would the enemy aircraft actually be aiming at? For the resistance will be split up into numerous units. It is, of course, possible to hit a unit here and there, but each unit consists only of three to four men. The point is that the enemy will never be able to overcome the resistance."

Nor do they have any clear idea of the effects that a war, based on these guidelines, would have on the civilian population.

"We constantly seek new problems and answers. It is no use ignoring the fact that the present arms race between East and West may end up in a nuclear disaster. We have to seek new ways," says Anders Boserup.

He would like soon to see regular field maneuvers based on the idea of a defensive military in order to test the theories in practice, but he recognizes the fact that it may very well take some time for Denmark to succeed in persuading NATO to abandon its traditional maneuvers and rearrange them along the defensive lines.

7262
CSO: 3613/48

MILITARY DENMARK

BRIEFS

ADMIRAL PRAISES WOMEN SAILORS--The experiment with women on the navy's ships has gone well, believes the commander of the Navy Operational Command, Rear Admiral Jørgen F. Bork. However, with a single exception: ships on North Atlantic cruises. "It is not appropriate to have mixed crews on long cruises with long absences as we see, for example, on Greenland and the Faeroes, and it is really not surprising that long absences can provide an occasion for the game between the sexes and jealousy, and what results from this; so I think that this should be avoided," Jørgen Bork tells the periodical FORSVARET I DAG [THE ARMED FORCES TODAY]. The navy has just concluded an experimental period of a few years in which women, as an exception, could do service on board ships. [Text] [Copenhagen BERKINGSKE TIDENDE in Danish 15 Dec 85 p 12] 8831

CSO: 3613/49

LOW PRIORITY OF TANKS IN DEFENSE BUDGET DISCUSSED

Paris LE NOUVEL ECONOMISTE in French 8 Nov 85 p 91

[Article by Philippe Gazier]

[Text] Are French battle tanks one war behind? For having publicly stated this truth, known to all experts, Gen Philippe Arnold, commander of the First Armored Division, has been relieved of his command by Defense Minister Paul Quiles and replaced by Gen Francois Beaussant. This punishment leaves the real question unanswered: why, since a long time ago, has armor not been among the Ministry of Defense's priorities? Is it always to be sacrificed for simple budgetary reasons? Or, though no one says so, is it that its vulnerability to modern weapons is regarded as having decreased its value? A coincidence: this debate hits the headlines at the very moment that a "new" tank was about to reach Gen Arnold's unit--the last to receive it, it is true.

This equipment was obtained by transforming the good old AMX 30, the French heavy battle tank of which 3,200 units (more than 1,500 for export) have been ordered since 1965. The principal improvements effected are: automatic gearshift, automatic fire control, night vision system and 105 mm rocket-assisted projectiles. One thousand of the 1,200 present AMX battle tanks thus will be modernized at a per unit cost of 7 million francs, half the price of a new B 2. But the military will only get what it pays for: the performance of this B 2 is below that of the German Leopard 2, British Challenger or American Abrams M 1, to say nothing of the new Soviet tanks.

Not until 1991 will the French Army have a heavy armored vehicle. Already called "principal combat machine" (EPC), this vehicle will function in close association with helicopters. To the present, 1.2 billion francs have been authorized for a program of research and development on it; 2 billion more will follow between now and 1990. Credits for production will get underway in fiscal year 1987.

These sums are ridiculously small in comparison with other important military projects: in comparison, for example, with the 40 billion for a future combat aircraft. They are at the same level as French participation in the anti-tank helicopter joint project with the Germans.

The fact that the necessary funds for designing a new tank could not be mobilized sooner has often been explained by the failure of the French-German tank project at the end of 1982. This is a convenient excuse. The truth is that, since the beginning of the 1960's, the authorities have given priority to nuclear defense over conventional weaponry. The tank has been one of the chief victims. This may be the consequence of French armor's particular situation, half the armored forces being based outside the national redoubt, in the FRG.

With regard to armor's strategic effectiveness, two opposing these have been developed. One is based on the danger of the deployment of Soviet tanks, which could only be countered by other tanks. The other on the increasing effectiveness of anti-tank weapons, which reaches its maximum with the neutron bomb, capable of killing the tank crew without destroying the tank. Even when provided with sophisticated radio equipment, it seems the tank, used alone, is extremely vulnerable unless it has the advantage of close support. Whence its linkage with the helicopter.

Whatever the case, the opposition members of the Chamber of Deputies will take advantage of Gen Arnold's statements to call into question the credibility of government defense policy during the debate on the budget.

This is a good tactic, even if the budget for weapons hardly suffers from the restrictions imposed on government expenditures generally (+2.6 percent for equipment acquisitions).

12336/12859
CSO: 3519/67

DEBATE ON DEFENSE STRATEGY ADVOCATED

Paris LE FIGARO MAGAZINE in French 16 Nov 85 p 142

[Editorial by Alain Griotteray]

[Text] Resignation of Gen Copel, who declined to become Air Force chief of staff, resignation of Gen Delaunay, the Army chief of staff, arrest and subsequent resignation of Col Arnaubec (Spartacus) and reassignment as punishment of Gen Arnold, commanding general of the 1st Armored Division--the armed forces insist on talking, on warning the government, which does not listen, on alerting the French people. Anything goes! Uneasiness has taken possession of first the heads, then the hearts of our highest military leaders. In times past, some of them (I am thinking of Maj Loustaunau-Lacau around 1936) were subjected to the worst punishments for opening their mouths, without being able to make the country heed them. On the other hand, others were severely criticized after the defeat of 1940 for having, because of discipline or weakness, remained silent. Financial crisis, moral malaise, political corruption? In 1981, it became apparent that the army was truly a national army. It served, as was right, the new majority. Considering the policy determined by men who called themselves representatives of the Left, the public saw with surprise and satisfaction that, in defense matters, President Mitterand, like his two predecessors, was wearing Gen De Gaulle's boots. Was the Left in 1981 then both revolutionary and patriotic? In any case, it forgot its promises to shorten further the term of military service and Charles Hernu began to incur the disapproval of some Leftists. At the same time, he began to win the approval of a part of the Right, that part that was satisfied by appearances and that so readily gave its heart to Daladier. Nevertheless, as early as 1981, during the honeymoon period, when Laurent Fabius was minister of the budget and when the Socialists were unrestrictedly increasing government expenditures...as early as 1981, only military expenditures were blocked. The Right consoled itself with the idea that at least they did not decrease.

But when, in 1983, austerity was introduced, the effort to repair the damage had its impact everywhere. The Army felt the full force of the cuts. Flight hours continued to decrease for the Air Force; in the Army, the days spent on maneuvers fell below the days of leave...replacement of materiel envisaged by the law outlining the program fell further and further behind. His foot on the brakes, the minister of finance imposed savings on all sides. And more and more, our Air Force, our Navy and our cavalry hesitated to pit themselves against our allies in joint exercises.

This financial crisis was aggravated by moral malaise. The Army was used overseas, in Chad and Lebanon, in questionable circumstances: assault troops were used as stationary guards in the service of political objectives that the nation and therefore the Army did not understand. Is it to be the elite forces' mission to die assassinated by the PLO without offering resistance? Then came the deplorable "Greenpeace" incident. The Army got the impression it was being thrown to the wolves by the government, for the prime minister and minister of the interior did not hesitate to appease public opinion and a foreign power by making public the names of officers belonging to the secret services--a momentous first!

Nobody can take pleasure in these difficulties. The Army's problems are France's problems. With a budget representing less than 4 percent of the Gross Domestic Product, it is impossible to have a complete defense posture. One cannot have at the same time an army endowed with stragetic and tactical nuclear weaponry, equipped with modern tanks and helicopters and provided with an effective combat air arm, all supplemented by a navy capable of ensuring the defense of our interests abroad, in the Caribbean, Africa, the Indian Ocean and the Pacific. Only the United States and Soviet Union have the size and will to be fully operational in all fields. By refusing to make choices, France--whatever the color of its government--condemned itself to have not armies but only samplings of armies...endowed, moreover, with outdated equipment. It is always disagreeable to make choices, because doing so implies giving up something. Either giving up something or exercising a little imagination and willpower. In the first place, the defense of Europe must not remain frozen in place. West Germany does not have the same obligations overseas as we do. Thus, it can devote all its efforts to what is called conventional warfare. With regard to its principal partner, France can undertake commitments concerning nuclear sanctuary and its expansion. Valery Giscard d'Estaing's decisions regarding the neutron bomb must be confirmed and implemented. Thus, our country would focus its efforts on nuclear defense, including tactical nuclear weapons, and modernize its instrumentalities for action overseas without trying to compete with its partners in conventional land and air weapons. Staying with the present course insofar as modern arms, satellites and lasers are concerned, involving our neighbors in this and dividing up the other tasks. These are the subjects of the great debate that would arouse the interest of the French people in their defense. Gen De Gaulle succeeded in mobilizing public opinion concerning "the bomb," a situation necessary and sufficient at the time in order that France not "allow routine and illusions any longer to invite invasion." Nobody doubts that "the eternal demagogy, eternal routine" are again coming out into the open. Gen De Gaulle today would propose to the country, as he did twice, that it pursue new means for its defense. For our part, we should remember that the weapon is only as good as the hand that wields it. That hand is the one the people choose when they are conscious of what is at stake for their future.

12336/12859
CSO: 3519/65

FIGHTER PILOT DRAIN WORSENS, ONLY ONE SQUADRON OPERATIONAL

Oslo AFTENPOSTEN in Norwegian 6 Jan 86 p 4

[Article by Liv Hegna]

[Text] The fighter pilot crisis in the Air Force is getting worse every day. Four out of five squadron leaders have been offered civilian jobs. Only the 334th squadron has its full complement of fighter pilots. Some of the other F-16 squadrons have only half as many pilots as they have planes. The squadron leader of the 331st squadron in Bodo told AFTENPOSTEN that. The commander of air combat forces in North Norway, Major General Odd Swang-Rasmussen, said that the Air Force is awaiting the Defense Ministry's final move concerning measures to deal with the pilot crisis.

When asked if there were plans to combine some squadrons to give them more pilots, so that there are other fully operational squadrons besides the 334th, Major General Swang-Rasmussen replied that this is something the Air Force will have to decide after it has seen the Defense Ministry's proposals. Odd Swang-Rasmussen said this would be sometime in January.

Defense Ministry secretary general Caspar Stephansen told AFTENPOSTEN that he has no comment on when the ministry would be ready to present the "package" to be offered to defense pilots.

Bonus System

Defense Ministry undersecretary Odmund Hammerstad stressed that if the international situation requires it, pilots can be recalled from civilian life and given a brief refresher course so they can fly F-16's. "We can also recall Norwegian instructors from the United States," said Hammerstad. He said the ministry has started a process that will make the bonuses offered to pilots more flexible. The original idea was to offer 20 pilots under the age of 35 a bonus of 1.2 million kroner if they promised to stay in the armed forces for 15 years. "We may decide on fewer years of service and lower bonuses to match, but we may also offer a bonus to older pilots," he said. The Defense Ministry is now working on a "package" that will be offered to the pilots the defense system considers to be absolutely essential to the Air Force. This will probably apply in particular to more experienced pilots. AFTENPOSTEN has been told that several military pilots have already expressed interest in arranging with the armed forces to perform squadron duties for which they are qualified even though they can no longer serve as active pilots.

Wage Struggle

Undersecretary Hammerstad also said that the pilots' demands have been part of a wage struggle all along. "The Defense Ministry has been forced to put on the brakes out of consideration for other personnel categories in the armed forces. The pilots receive a very costly training while they have plans all along to go into civil aviation," he said.

Doesn't this mean that the Air Force has not been very good at selecting suitable pilots but has simply looked at their grades?

"It is undoubtedly necessary to examine the whole range of selection methods more closely with regard to finding the most suitable pilots. The most reliable indication of low motivation is that so few apply for a military college education aimed at a career in the armed forces. Military college applications have been at a low level for a long time and the alarm should have been sounded much sooner," said Hammerstad.

Major Lorentz Skueland told AFTENPOSTEN that with the low number of pilots Norway has today the Norwegian Air Force has lost its credibility in NATO. Pilots are leaving the Air Force all the time. NATO has a standard of 1.2 pilots per plane and Norway has had only half that number for a long time now. Although newly-trained pilots fill the gap somewhat at the bottom, the total number of fighter pilots in Norway has declined constantly.

Major Stueland stressed that there is also a shortage of technical personnel in the Air Force. He thinks it is almost too late to do anything about the situation now. "It takes a long time to build up a core of experienced pilots," he said.

6578
CSO: 3639/56

MILITARY PORTUGAL

DANGER IN ARMED FORCES' 'SURVIVAL' SITUATION

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Dec 85 p 24

/Text/ The armed forces are in a situation " 'of survival' which puts national defense at risk," concluded the participants in a conference which ended in Lisbon yesterday.

"The funds allocated to the armed forces during the past decade have shrunk year after year and this did not make it possible to re-equip and modernize the armed forces," it says in the document containing the conclusions of the 3-day conference on "Economy, Defense, and National Independence."

The document emphasizes that, "since it is the mission of the armed forces to provide for military defense as the ultimate expression of national defense, the state owes it to them to provide the means necessary for the accomplishment of that mission and that includes money."

Organized by the Association of National Defense Course Students and the Association of Portuguese Economists, the conference was attended by various military and civilian officials, including the four former finance ministers, the former and present governor of the Bank of Portugal, among other government officials.

The participants concluded that there is still general dissatisfaction among the Portuguese regarding expenditures that are apparently not tied to a rise in the living standard, as in the case of defense and particularly the armed forces.

"This philosophy means that one overlooks the question of national independence and sovereignty, the country's low level of defense and security," the announcement adds.

The document also observes that Portugal is the NATO country with the smallest contributions to the common effort,"even considering the difficulties in the level of wealth and economic development among the partners."

The conference defended the idea that budgeting for the defense effort should also involve consideration of strategic armed forces planning in terms of economic planning.

5058
CSO: 3542/46

ARMED FORCES SEE ADVANTAGES IN RELYING ON CIVILIAN FACILITIES

Stockholm DAGENS NYHETER in Swedish 11 Dec 85 p 9

[Article by Lennart G. Johansson: "Cooperation on Resources"]

[Text] The military should not occupy itself with matters which civilian society can do better. But if the military has resources which cannot be utilized, then civilian authorities should be allowed to share.

Spreading that message has been the task with which the government charged the Armed Forces' Rationalization Institute (FRI). Evidently with some measure of success, judging by an initial report.

The military regiments were once individual little societies, self-sufficient in most things; their own hospitals, libraries, workshops and sports facilities. Today the conscripts live half the time in the civilian society, with permanent night leave and other things. And we cannot afford double sets of service, the FRI says.

The FRI has begun by trying to coordinate resources for military units, municipalities and county councils. This has gone so well that one now wants to go further and include other authorities, such as SJ [Swedish State Railroads], the Post Office, the Telecommunications Agency, the Road Administration and the police.

Enthusiasm

"We are surprised over the enthusiasm we encounter," says Eva Francke, one of the project leaders.

The fact that the military without resistance has relinquished so many of its sole rights at various installations can possibly be explained by the harsh economic climate. Faced with the threat of abolishing regiments it does not hurt to have as many roots as possible in society.

Similarly, municipalities and county councils have experienced that it is possible to save large amounts by utilizing military facilities or by investing in joint new structures.

I 3 in Orebro has a military depot in Kilsbergen which is only used 4 months out of the year. Since it is located on a lake with swimming, it is attractive for sports and open air activities. The municipality graciously accepted.

Closed Hospital

In Eksjo the military hospital has discovered that it is profitable to close over weekends and transport patients to the civilian hospital. The costs of switching hospital rooms is so low that the military saves 100,000 kronor a year.

In Orebro the military buys diesel oil together with the municipality and the county council, and the profits are 500,000 kronor.

In Eksjo the military repair shops will accept vehicles from the municipality, the county and possibly various national authorities. A balancing act, since private repair shops must not be squeezed out.

11949
CSO: 3650/87

MILITARY SWEDEN

ARMY STAFF SUBMITS WISH LIST FOR 1987-92

Stockholm DAGENS NYHETER in Swedish 14 Dec 85 p 7

[Article by Anders Ohman: "This Is What the Supreme Commander Gets for the Money"]

[Text] If 50,000 soldiers who are part of the Army's 10 infantry brigades are to have good anti-shrapnel protection--then the 1987 defense decision has to include the supreme commander's highest alternative. This gives the Army 45 billion kronor for the years 1987-92. At the lowest level of financing there is no room for anti-splinter protection.

This was pointed out by the Army staff in an analysis of the needs of the Army units in the coming years up to the turn of the century. The wish list also includes better combined exercises between brigades and battalions, a new tank, better ammunition and increased mechanization. This is needed in order to match the armament of the rest of the world, in the opinion of the Army leadership.

The soldiers need anti-splinter cover in order to cope with the cluster bombs which are dropped by aircraft and the fragmentation grenades which are fired with long-range artillery. These weapons cause great harm to unprotected soldiers, vehicles and arms. So-called submunitions spray out and cause mass destruction.

Simplified Care

A good anti-splinter cover also relieves the burden on the medical organization and provides favorable psychological effects, the Army Staff maintains.

The anti-splinter cover consists of lightly armored vehicles and protective vests for the soldiers. In particular infantry brigades which have to fight in open and more unprotective terrain need good anti-splinter protection.

The new Armored Vehicle 90 is a light vehicle with great fire power and high mobility, combined with protection. The vehicle is to be included in the mechanized battalions. They are to be deployed against airborne landings in upper Norrland.

	Level	Basic training	Refresher courses	Tank developm.	Anti-shrapnel prot.	Battalion air defenses	Antitank helicopters	Medium-range ai defenses
Supreme commander's own proposal	sup. com's	expanded	full	yes	10	yes	4	8
Expanded defense capability	Plus	limited expansion	full	yes	3	yes	3	4
Lowest defense capability	PP	unchanged	full	yes	developm. procurem.	yes	2	4
Reduced defense capability	lowest	unchanged	differentiated	no	no	Upper Norrland	2	2

The table shows the Army Staff's view of how the various budgetary levels in the supreme commander's long-range plan affect the wartime units. The figures in the "anti-shrapnel protection" column indicate the number of brigades which receive such protection at that level, 1 brigade = about 5,000 men. The figures in the "Antitank helicopters" column refer to the number of companies which receive them; 1 company = about 150 men.

The "Medium-range air defense" column refers to the number of battalions receiving such defense; 1 battalion = 500-1,000 men. In the "Level" column the supreme commander indicates the highest budgetary level, PP = program plan, the 1985 budget level; PLUS and LOWEST, respectively, are levels above and below the program plan.

The Army leadership is of the opinion that there is no space for anti-splinter protection in the lowest budget alternative of the long-range plan. Not until the supreme commander's highest budgetary level can anti-splinter protection be completely developed for 10 brigades.

The Army receives 45 billion kronor (1987-92) and 48 billion kronor (1992-97) at the supreme commander's highest level. The lowest level gives about 40 billion kronor (1987-92) and 39 billion kronor (1992-1997). The so-called program plan level, PP, provides approximately 41.5 billion kronor for 1987-1992 and the same amount for 1992-97.

The supreme commander's level is 124 billion for all of the Armed Forces as against about 111 billion at the lowest level--a difference of 13 billion (1987-92).

For the period 1992-97 the supreme commander's level is about 135 billion, while the lowest level is about 111 billion kronor--a difference of 24 billion kronor.

In the supreme commander's highest alternative the Navy will get 19.5 billion kronor and in the lowest 17.5 kronor (1987-92), and 20.6 billion kronor and 17.3 billion kronor, respectively for 1992-97.

The Air Force gets 43.3 billion kronor in the supreme commander's highest alternative and 38.6 billion kronor in the lowest (1987-92), and 46.1 billion and 39 billion kronor, respectively, for the period 1992-97.

Decision in 1987

OB 85, as the long-range plan is called, is to form the basis for the 1987 defense decision, which Supreme Commander Lennart Ljung has said will become "a watershed" for Sweden's defense capability.

The Army Chief, just as the chiefs of the other military branches, has submitted his reservations against the lowest alternative.

Under the lowest alternative the Army would have major difficulties defending southern and central Sweden, the Army Staff says.

The Swedish soldier then, he who is going go into battle to defend Sweden, what goals does the Army have for him--what will he get in order to cope as well as possible with the combat environment?

"We must see to it that the Swedish soldier will receive good and effective training. We will put the best conceivable weapon in his hands. Then he will get a protection which gives him reasonable chances of surviving," says Lars Olof Strandberg, brigadier general and planning chief at the Army Staff.

Air Attacks

The Army's combat units are expected to meet an attacker who has access to many airborne landing units and helicopter-borne assault units.

The attacker has mechanized, easily movable units with a high level of protection adapted to combat in road-less terrain. These forces are supported by attack and transport helicopters and coordinated air and support units.

The wartime units of the Swedish Army includes more than 700,000 men, 35,000 women and 100,000 Home Guardsmen; 20 priority brigades form the core. These are Infantry Brigade 77, Norrlands Brigade 85, Armored Brigade 63 and one mechanized brigade.

Various Levels

"I judge that the debate about the budget for the defense lies somewhere between the program plan and the plus level," says Lars Olof Strandberg.

In a confidence-inspiring manner the military must explain to the general public and the politicians how more money will affect the defense capability. More money to the Army means more weapons and better training--less money means cuts.

The large and expensive Vastgrans combat unit exercise in February this year showed the usefulness of exercizing in large units. Deficiencies were revealed in night-time combat and in mobility.

"Such shortcomings make it more difficult for us to solve the tasks in war. There is risk that the losses will be higher," says Lars Olof Strandberg. He wants more major exercises.

The Army leadership is quite satisfied with its weapons. Good weapons manufactured in Sweden are the Bill antitank missile, Howitzer 77 and Missile 70. A new automatic carbine, the 5.56-mm caliber AK 5, a high-speed weapon, is to replace the AK 4 and the machine gun. The replacement will cost about 1 billion kronor and is to be completed at the end of the 1980's. The soldier will get an easily portable weapon with great firepower.

New Radio

The Army expects a great deal from a new troop radio model 8 000. It uses a frequency hop technique that is difficult to jam and it is easy to carry. The brigades' Swedish-manufactured all-terrain vehicles for combat in wilderness terrain are considered world class.

A troublesome question for the Army is how to get money to invest in a new combat tank for the late 1990's. The development of such a tank costs 7-8 billion kronor. It costs just as much to buy it from abroad.

The Army chief and the supreme commander agree that the priority should be on Combat Vehicle 90, anti-splinter protection and development of modern ammunition, as well as modernization of older tanks. The present 101/102 Centurion models and the 103 are to hold out in a modernized condition until the end of the 1990's.

The opposing side's development of combat vehicles is very intense. Greater mobility, increased fire power, better armor are new features on the modern tank.

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MILITARY SWEDEN

ARMS INDUSTRY FACES DEBATE AT HOME, DECLINING MARKET

Bofors Suffers Export Loss

Stockholm MANADSJOURNALEN in Swedish 12 Dec 85 pp 51-53

[Article by Claes Lofgren: "The Arms Trade; Bofors Squeezed Between Politicians and a Shrinking World Market"]

[Text] Bofors is in a bind. The arms trade today is a buyer's market, while simultaneously a strong opinion against weapons export makes it difficult for the politicians to give Bofors the support the company needs.

On the foredeck of the Iraqi frigate Ibn Khaldoum stands something which ought not to stand there: a 57 mm Bofors cannon. Whether it ended up there with or without the help of Bofors is something the Swedish Peace and Arbitration Association and the Bofors leadership disagree on. At any rate, it is clear that the Bofors engineers who equipped the frigate at the shipyard in Split, Yugoslavia, did not protest against the final destination of the frigate. And it is equally clear that the Swedish government would never have approved a sale of weapons to Iraq--a nation at war.

The discussion concerning Swedish arms export may seem artificial and academic: guns and missiles are made for use in war, after all. Why then make such tremendous noise if they happen to end up where they belong? The answer is that a unanimous Parliament does not consider the Swedish weapons export to have any value in itself.

The Swedish arms export is allowed to occur only because it benefits Swedish defense and security policy interests. A domestic arms production is believed to guarantee our national independence. For business-economic reasons it is important, however, to keep the arms smithy going between the long time intervals of the orders from the Swedish armed forces.

This is, then, the doctrine which says that Bofors exists primarily for Sweden--not for its shareholders. And it is against this background that the discussion about nationalization should be viewed. But it is also this doctrine which explains why Bofors is a well-known quality brand among arms dealers all over the world. They would probably be very surprised if they found out that in principle Swedish arms export is prohibited. But, as everyone has concluded, in practice it is the other way around:

All arms export is permitted, in principle. The exceptions are countries in a state of war, of civil war, under acute threat of conflict, where human rights are being suppressed or countries which are included in sanctions mandated by the organs of convention to which Sweden belongs.

The ideal customer is therefore stable nations in the West. The Eastern states, with the exception of Yugoslavia, want weapons of Soviet design. The amount of U. S. technology in Swedish weapons also represents a latent problem for potential sales to the East. The problem is that the ideal customers, the Western democracies, also are not all that interested in Swedish weapons:

"Unfortunately, these nations in particular do not like to buy from us. All of the major countries have their own production. They are our competitors, not customers. The others are mostly members of NATO and try to standardize their equipment within this organization." (Former Bofors chief Claes-Ulrik Winberg in a brochure from 1981.)

Consequently, the market shares are to be found in the Third World. But there the instability, a reason for the demand, is also an obstacle to the sales. The matter is complicated by the fact that major arms orders are drawn-out processes. A positive preliminary decision by the defense materiel inspector at the beginning of the negotiations, is useful at most for putting wet boots on at the time of delivery.

To be sure, purchases of Swedish weapons are not tied to any political conditions. And, to be sure, the Bofors air defense equipment is of high quality--perhaps the best in the world. But unless the company can guarantee that the ordered arms will also be delivered, and Bofors is unable to, those advantages become rather uninteresting.

However, the Bofors crisis is also the crisis of the global arms trade. According to SIPRI [Swedish International Peace Research Institute], the volume of international trade in major conventional weapons has dropped by more than one-fourth between 1980 and 1984. The reseach institute gives the following explanations for the decrease:

The policy of economic restraint in most countries has led to reduced defense purchasing. The threat of inflation is easier to visualize and size up than the threat of invasion. Just as Bofors the rest of the arms industry is forced to export when the domestic markets are not buying their products. The exception--the United States--has had to pay for its armament with a gigantic trade balance deficit.

The chronic debt crisis in the Third World has made the second-hand market more interesting. The share of arms transactions between Third World countries is small but growing. One example is that Chinese modifications to Soviet weapons are now being marketed, which represent an alternative for poorer underdeveloped countries.

Altogether there is a temporary saturation in the arms market. Between 1975 and 1979 the volume of arms imported by the Third World increased by 130 percent. Between 1980 and 1984 the increase was only 4-5 percent. The boom of 1975-79 was due to a perceived need for armament which was accelerated by the amount of petrodollars generated by the oil crises. But today the oil nations, in particular, have more weapons than they have trained soldiers and officers for.

Today's arms deals are often part of a greater agreement package. These contain technology transfers, licensing agreements, counter-purchase transactions and credit solutions advantageous to the buyer. A fresh example is the Al Thakeb agreement between France and Saudi Arabia. For 35 billion kronor France is to deliver an advanced air defense system. However, Saudi Arabia does not have to pay a penny for the system. Instead, the purchase cancels a previous debt to Saudi Arabia. But the French state guarantees that the arms industry will get its profit in case offsetting the debt should not correspond to the value of the delivery. In general it is common that arms purchases today involve counter-purchase agreement whose value exceeds that of the arms.

The sum of all these reasons is that it is a buyer's market today. A manifestation of this is the fact that the share of the superpowers in the arms trade has dropped--from 80 percent in 1980 to 62 percent in 1984 (SIPRI's 1985 Yearbook). It is simply so much more profitable to buy from France, for example.

The French share has also increased, despite the general slump. France imposes no political demands on its buyers. Because of the lack of ethically conditioned export restrictions several of the French weapons have been tested in combat. That is another reason why France is considered a reliable supplier.

How, then, does the Swedish arms export doctrine function in this situation? Does Bofors, unquestionably the largest Swedish arms exporter, really guarantee Swedish independence in times of crisis and war?

"The statistics today say that we import 30 percent of our defense in terms of money. At the same time it is not just any 30 percent. As a rule these are the most advanced electronics--the brains of the weapons systems."

"I cannot contend that the independence--the basis of the doctrine--has been lost. But there isn't even any political debate about the validity of the doctrine. And without any debate the politicians usually make poor decisions," says Thomas Ohlson--SIPRI researcher and international arms expert.

So far the statements from responsible politicians--mainly Foreign Trade Minister Mats Hellstrom and his Undersecretary Carl-Johan Aberg--have mostly been characterized by hemming and hawing. But Nobel chief Anders Carlberg's proposals to the government have been clear enough: If we do not receive state-guaranteed export credits--and preferably a more liberal interpretation of the rules--we may have to consider scrapping the arms manufacture within the Nobel group.

And Nobel Industries shareholders naturally are not interested in paying the costs of Sweden's real or imagined security and defense-political interests. No other arms industry in the world does--so why should Bofors?

Today, the future of Bofors does not primarily hinge on decisions taken in the shining, idyllic factory town outside Karlskoga, nor on decisions made in the boardroom at the main office in Stockholm. The future of Bofors is in the hands of the politicians.

In the meantime the company leadership is discussing brief, temporary layoffs with the union. It may be assumed that India--which according to Bofors is contemplating the purchase of howitzers for about 10 billion--follows the Swedish export debate with a certain interest. However, Carl-Johan Aberg has promised Carlberg export credits in some form, but there is no discussion of ethics under way. Nevertheless, the ethics are there--just as unwanted and tangible as a persistently buzzing summer fly.

Photo captions [photos not reproduced]

Anders Carlberg, managing director of Nobel Industries, wants state export guarantees for the arms trade.

But those responsible--Foreign Trade Minister Mats Hellstrom (above) and

Undersecretary Carl-Johan Aberg have replied evasively--the Swedish arms export is a minefield.

Researcher Proposes Industry Restructuring

Stockholm NY TEKNIK in Swedish No 40, 1985 p 34

[Review by Staffan Dahllof of book "Kulorna rullar. Ekonomi och politik kring svensk militar export" [The Balls Are Rolling. Economy and Politics Around Swedish Military Exports] by Bjorn Hagelin, Ordfront, 186 pages: "Researcher on Arms Export: Cannot Be Controlled"]

[Text] Forget all the talk about stricter controls. The arms export can only decrease through a restructuring of the Swedish defense industry.

In a new book, "Kulorna Rullar. Ekonomi och politik kring svensk militarexport" [The Balls Are Rolling. Economy and Politics Around Swedish Military Exports"] (published by Ordfront), Bjorn Hagelin asserts that the debate about Swedish arms export has become sidetracked.

"The military export cannot be controlled; major changes are necessary," says Bjorn Hagelin, former researcher at Foa (Defense Research Institute), and today active at the Institution for Peace and Conflict Research in Uppsala.

Bjorn Hagelin has founded his thesis on studies of the Swedish arms export since World War II; the externally known, and legal, export.

Marked Increase

Despite the fact that the defense materiel export of the last 15 years does not represent more than between 0.5 and 1.5 percent of Sweden's total exports, the export dependence of the defense industry itself has undergone a marked increase, Bjorn Hagelin says.

"The problem for the industry is that the Swedish defense contracts are shrinking. Defense funding has remained the same since the end of the 1960's. The industry's solution is a distinct orientation toward exports.

Bofors chief Claes-Ulrik Winberg has said the same thing--to a foreign audience.

"Once in a while we develop equipment for the export market that is later bought by the Swedish defense. I think this will take place more often in the future. We are gradually moving in that direction," Winberg said in a lecture at the British Royal United Service Institute in 1980.

Such clear language is more rarely heard in the Swedish debate. Winberg's and Bjorn Hagelin's description thereby contradicts the official Swedish motive for permitting arms export: keeping the defense industry going in between the sparse Swedish orders.

"This is the actual motive for the Swedish weapons export," as Foreign Trade Minister Mats Hellstrom wrote in DAGENS NYHETER last summer.

Ongoing War

Bjorn Hagelin's compilation shows that official and legal Swedish arms export has meant arms deliveries to ongoing war, despite all assurances to the contrary.

Bofors's big seller, the 40-mm model L/70 cannon, is found in nearly 60 countries.

Among the users of the L/70 can be found Morocco, South Africa, Israel, Egypt, Uganda, Burma, Indonesia, India and Pakistan. During the Vietnam war U. S. Hercules aircraft were armed with Bofors-constructed gun barrels. During the U. S. invasion of Grenada, the L/70 helped clear the way for the American forces.

"But since the licensing rights are spread to a number of countries, and nations trade with one another, it is nearly impossible to trace how South Africa, for instance, acquired the Bofors guns," says Bjorn Hagelin.

Not Publicly

The legal arms export is also surrounded by considerable secrecy. As late as 1983 the Swedish government gave Singapore permission to manufacture Swedish military equipment on license.

But just what is included in the license has not been published.

"The government maintains that it wants to reduce the arms export and increase its controls. A simple step would be to make its own decisions public," says Bjorn Hagelin.

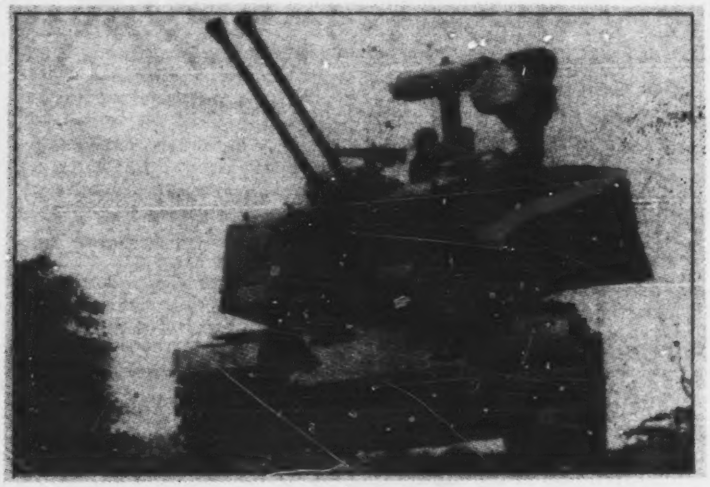
His own prescription for reduced arms export is a restructuring plan for the defense industry, similar to the decision to abolish nuclear power.

"It is not identical to disarmament. I maintain that Sweden could set a good example without losing any security."

Adaptation

"The export orientation of the military industry shows that Sweden as a nation cannot afford to maintain the present structure of the industry, but we will have to adapt to the size of the budget. That would be in the direction of former Army Chief Nils Skold's 'gummy men.'"

"Rather helicopters than JAS [fighter-pursuit-reconnaissance aircraft], for example. Our independence would not diminish in the slightest if we reorganized our own military industry. After all, it is completely dependent on imported technology and imported components, such as the JAS with its U. S. engine," Bjorn Hagelin says.



Bofors 40 mm cannon model L/70 is a big seller--it is currently present in almost 60 countries.

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MILITARY SWEDEN

ARMED FORCES SIGNS CONTRACT WITH BOFORS FOR 56 'BILL' MISSILE

Stockholm DAGENS NYHETER in Swedish 14 Dec 85 p 10

[Article by Anders Ohman: "New Missile Order to Bofors"]

[Text] On Friday the FMV [Defense Materiel Agency] signed a contract with Bofors Inc. for series production of the new 56 Bill antitank missile--at a cost of 1.4 billion kronor.

The Bill has the capability of knocking out tanks through the roof, the most unprotected point of the vehicle. That is where the armor is weakest.

The Bill can hit targets upt to 2,000 meters, and in the late 1980's it is to be delivered to the Army combat units.

The Bofors arms manufacturer is proud of its new antitank missile and expects major export successes as well as for Missile 70. The ongoing investigation regarding suspicion of illegal export of Missile 70 has not affected the company's evaluation of its chances to sell the Bill.

Easily Portable

"We must regard this optimistically. Bill has cost more money than we initially thought. That cannot be recouped in Sweden but must be done by exporting," says Martin Ardbo, managing director of Bofors Inc. The company has been responsible for the greater part of the development costs. He does not want to reveal which countries are interested in purchasing Bill.

The new Swedish antitank missile is easy to carry--weight about 34-35 kilograms ready to fire--which makes is suitable for the Army, for rifle companies, etc. According to Army Staff Chief Maj-Gen Krister Larsson, the Bill significantly increases the units' ability to counter enemy combat tanks in various types of terrain.

The missile can be fired from 150 m up to 2,000 m and even hit concealed targets which have been disguised behind shrubbery or similar. Two soldiers man the missile.

Bofors Inc. managing director Martin Ardbo (right) signed a 1.4 billion-kronor contract for delivery of the new Bill antitank missile to the Swedish Army. FMV director-general Carl-Olof Ternryd views the new Swedish weapon.

U. S. Technology

After firing, the missile is wire-guided--a jamming-proof method, says the military. The missile's trajectory lies about 1 meter above the sightline. A laser diode and a microprocessor transmit signals via the wire to the gunner, who can correct the missile's path. A target at a range of 1,200 m is hit is 6 seconds and the missile can detonate just above the turret of the tank. The Bill is also capable of penetrating active armor, a special layer of explosives intended to make a projectile with aimed explosive power detonate prematurely.

The Bill contains electronic components imported from the United States. The imported share amounts to between 10 and 20 percent of the missile.

The missile division at Bofors is prepared to hire about 100 new employees once the production of the Bill gets under way.

This presumes a deal of approximately the same size as when Norway recently bought Missile 70 for about half a billion kronor.

The next major arms deal for Bofors Inc. might be sales of the artillery piece Howitzer 77 to India. Managing director Martin Ardbo is going there shortly in order to discuss the deal.

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BOFORS-HAGGLUND RECEIVE CONTRACT TO DEVELOP COMBAT VEHICLE

Stockholm MILITAR TEKNISK TIDSKRIFT in Swedish No 3, 1985 pp 23-29

[Article by Bo Lundvall]

[Text] HB Development Corporation, a firm owned jointly by Hagglund and Sons, Incorporated and the Bofors Corporation, received an order on 11 July 1985 to develop the "90" family of combat vehicles (described in MILITAR TEKNISK TIDSKRIFT No 4, 1984). It is the largest order ever received by that company.

Hagglund and Bofors have cooperated before--for example, during the development phase of Antiaircraft Missile Vehicle 701 and Antitank Missile Vehicle 551.

The development of Combat Vehicle 90 is going to involve close cooperation. That cooperation began 3 years ago, when the actual studies in connection with Combat Vehicle 90 got underway.

Work to develop Combat Vehicle 90 is already underway on a wide front. The development work that has now been ordered calls for a common chassis and the delivery of experimental materiel for five of the seven planned variants. Those five are the Pbv G (the basic vehicle), the Pbv L, the Lvkv, the Grkbv, and the Bgbv.

About 60 full-time employees are involved at Hagglund's plant in Ornskoldsvik, and about 30 are working in Karlskoga for Bofors, which currently has the order for the preparatory design work and the production of a test firing rig.

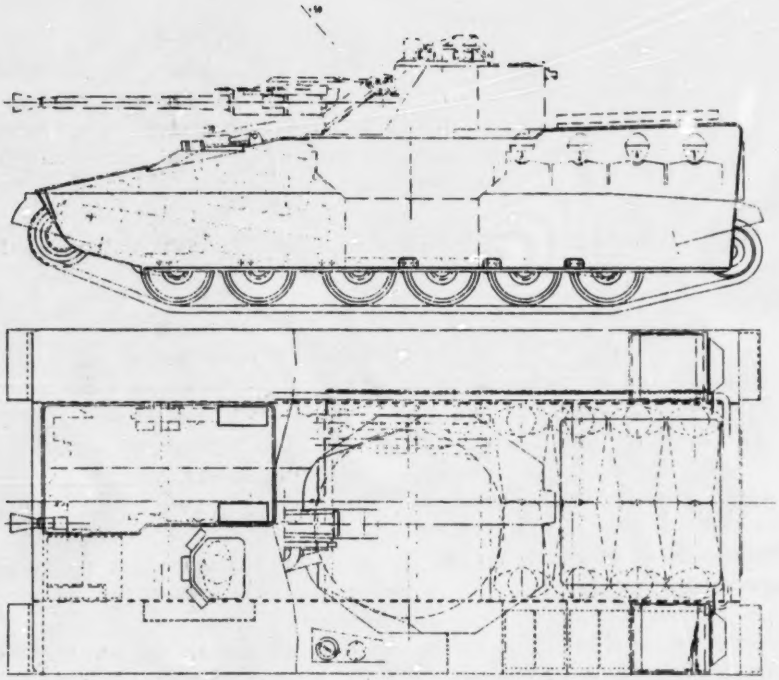
A driving test rig, ordered in advance in mid-1984 by the FMV, is to be ready for testing in December 1985. This means that tests can get underway as early as the winter of 1985-1986 on such vital parts as the engine, transmission, track unit, and so on. One of the basic ideas is to make the test vehicles--and thus the coming production vehicles as well--as reliable as possible.

Three of the test vehicles are to be ready for the start of intensive testing in just under 3 years, and the two remaining vehicles are to be ready a year later. HB Development, which is the prime contractor, has taken complete responsibility for the testing, meaning that it will also participate in

Combat Vehicle 90

combat testing and field trials. The end users (the military units) will be involved both before and during that testing period. The FOA and others will be consulted at certain special points in the testing procedure.

All variants of the Combat Vehicle family will be produced at the same time, meaning that complete units can be set up at an early stage. A single chassis is used for the entire family, with only minor variations being required for the Grkbv and the Bgbv. The engine unit, transmission, track unit, and driver's compartment are completely identical. Using identical components for all variants provides a big advantage, for example, during testing. From the standpoint of training, the advantage is that the crew can receive its basic training on a single variant and then be given special training on the various



The illustration shows the placement of infantrymen as now contemplated.

other versions. The procurement of spare parts and maintenance will also be rationalized.

One of the goals is to make Combat Vehicle 90 as compact as possible so as to achieve low combat weight, thus improving the vehicle's mobility in the field. Cross-country ability, fire power, and protection are qualities that have been balanced against each other. The Combat Vehicle 90 family will have a very low silhouette. The engine compartment and driver's compartment are compactly built and have a low silhouette compared to comparable vehicles. Behind the driver's compartment and engine compartment and under the turret, there is room for the missile stand, missiles, and ammunition. Infantrymen are placed at the extreme rear of the vehicle, which carries a three-man crew.

A Swedish diesel engine with about 500 hp (365 kW) will be installed in Combat Vehicle 90. The goal is to build the vehicle with commercial components and avoid specially built components to the extent possible. But certain modifications will be necessary to adapt the engines for use in a combat vehicle. That work is to be facilitated considerably by relying on domestic engine manufacturers. Commercial products are also being used for the gearbox and drive system. The power unit, transmission, and steering system are built as one unit to facilitate quick replacement in the vehicle.

Among Combat Vehicle 90's characteristics, cross-country ability is the highest priority. Experience with the Pbv 302, Ikv 91, and Bv 206 has been good, all of those vehicles being well known for their good ability to cross rugged terrain. Those characteristics are now being further improved in Combat Vehicle 90 by further reducing ground pressure and designing the bottom of the vehicle in an advantageous way.

Ground pressure is going to be very low for a tracked vehicle of this class, and that is especially important since a great deal of driving will be done on swampy ground and in deep snow.

Combat Vehicle 90, the Pbv G, and the Lvkv will be equipped with an automatic gun with a caliber of between 40 and 60mm. This means that the turret crew can be reduced to two men, since the loader will be eliminated. The other variants will have a weapon cowl and a 25mm antiaircraft gun. The turret is designed for a seated crew, and that is one of the factors making a low silhouette possible. If the 40mm or 57mm alternative is chosen, the gun will have to be inverted so that fired cases will be ejected in the desired direction. The new approach by Bofors also includes a new system for ammunition handling and loading. A new type of ammunition is being developed for use against armored targets. The turret also includes advanced equipment for observation and fire control with an advanced sighting system. All vehicles in this family will be capable of engaging aerial targets. The Lvkv will also be equipped with reconnaissance radar and other special equipment. The choice of armament will be made in 1986.

In the upcoming trials, very great importance is attached to achieving a high degree of operational reliability. Those trials will be conducted very carefully, and special followup systems will be established so that necessary steps can be quickly defined and the required modifications made.

Low maintenance and operating reliability costs are a strong feature of the design work. The experience gained from working with the Bv 206 and so on is coming in very handy for Hagglund.

At an early stage in the design work, consideration was given to what it would cost to repair and maintain the vehicles. The ambition is to reduce downtime to a minimum and make it easier for mechanics to do their work quickly.

Incidentally, Bofors and Hagglund, along with the FMV, are going to conduct an ongoing evaluation of future maintenance costs.

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CSO: 3650/77

REGIMENTAL COMMANDER COMMENTS ON PLAN TO CUT UNITS

Stockholm DAGENS NYHETER in Swedish 18 Dec 85 p 3

[Op ed article by Col Einar Lyth, commander of the I 3 Regiment in Orebro: "Army Chief on the Wrong Track"]

[Text] Surely it is rational to disband regiments, when the number of conscripts is shrinking? In order to take a stand on the issue, it is necessary first to understand the various duties of the peacetime organization. What first strikes an outsider is the training of "conscripts" and "refresher course participants." Many are satisfied with this incomplete image--which furthermore is incorrect. Companies and battalions are trained, which poses demands other than the training of individual soldiers. Career officers are the instructors, but what is more important is that they hold key positions in the wartime organization. They must constantly be retrained at the pace of new materiel and organization, which is difficult to squeeze in.

The military district regiments are also responsible for mobilization of the wartime units in the province/military region. War materiel is located in dispersed mobilization stockpiles and must be cared for, replaced, loaned and repaired. At times the waiting lists for repair are long. This is why many people are continuously working with materiel and transports. Others work with volunteer organizations and the Home Guard, which is supposed to safeguard the mobilization.

The regimental leadership plans the province's defense and cooperation within the coordinated total defense. The officers work with training as well as wartime units. They hold two positions and work permanently in both.

If the risk of war intensifies, it is necessary quickly to increase mobilization readiness to a higher level than can possibly be maintained in normal times, primarily by accelerating repairs and by redistributing and dispersing the war materiel. With 400 employees and other labor there is a number of such measures which the nation's regimental commanders can and must take even before a decision to mobilize. Opportunities to increase mobilization preparedness might be decisive for a peace-keeping/ neutrality-protecting contribution, as well as during the introductory phase of an open war. The upgrading of the risk of so-called twilight situations (neither peace nor war), surprise attacks and sabotage, which have occurred in recent years, places such measures in the focus.

But what is actually happening in the defense debate? Well, this organization, from top to bottom directed toward emergency preparedness and wartime capability, has, through comfortable slogans with powerful mass media effect, been branded as a "peacetime organization," and has been contrasted with the wartime organization in a strange way. It has been said that one should economize with the peacetime organization in order to be able to spend more on the wartime organization. This is the way it might be if there were an extensive imbalance in the system. There is not. This is why it is regrettable that there is widespread belief that the peacetime organization can be cut back without damaging emergency preparedness and the wartime organization. This is not possible.

In the Army chief's foundation for OB 85 [supreme commander's 1985 plan] it is clearly shown that the peacetime organization is the core of the wartime organization. It is much more evident than in previous peacetime organization studies that they two organizations are two sides of the same thing. Moreover, the Army chief wants to further strengthen the relationship between them.

One becomes all the more surprised to find that in his "Goals for the Development of the Army's Peacetime Organization," formulated for the supreme commander, he does not mention anything about the demands for a mobilization organization extended over the entire country, nothing about the demand for total defense planning organized by province and nothing about support for the Home Guard and volunteer organizations. As for increased preparedness, there is talk about the need for leadership. But nowadays it is the resources needed to be able to increase the preparedness for mobilization which is the central problem. If a military district commander stands there in a twilight situation without labor and vehicles, his leadership will be a futile effort. Instead, great emphasis is placed on something which the study on an unclear basis calls limiting factors. One of these is said to be "adaptation of the Army's total production capacity to the shrinking number of conscripts," despite the fact that in another place the study stresses that it is the training of wartime units and not individual soldiers which is the deciding factor.

This means that as a criterion for choice the Army chief picks a subordinate factor instead of a global one. Or to put it more simply: It is more important to him that all regiments are fully manned every year than that the present relationship between province--military district--population--wartime organization--training-mobilization--Home Guard will be preserved.

All of this leads, or rather misleads, the Army chief into wanting to study more closely the disbanding of three infantry or armored regiments, at least one of which is a military district regiment. By so doing the Army chief hopes to save money. This is not likely to be very much, and the savings are not likely to be in a reasonable proportion to the losses of power.

The number of priority brigades agrees with the number of infantry and armored regiments. Each province has its own military district regiment (except

Vastmanlands and Kalmar--those regiments were disbanded in the 1920's when total defense was an unknown concept) or equivalent units from the Navy. Very serious reasons are needed in order to tear up that connection. A few empty companies here or there each year is scarcely reason enough, in particular not when considering that each year each regiment is forced to postpone many duties important for the wartime capability because of the volume of basic training. A few gaps here and there in the otherwise smooth pavement does not reduce the effectiveness--on the contrary, they contribute to an increase in the effect.

Significantly, the supreme commander is taking a wait-and-see attitude. After all, he is responsible for the totality in war and peace, for, among other things, defense planning and the deployment of Army units in wartime, while the Army chief is only responsible for unit production and mobilization. Here there is, as always, the risk that rationalization within a limited sector (basic Army training) will lead to irrational overall solutions. The supreme commander's hesitation over the Army chief's proposal is well-founded.

We have yet to hear the politicians and the opinions of their party leaderships. They have time to contemplate for a while longer before it is time for them to take a stand on the 1987 defense decision. They are responsible for much more, not least the anchoring of the total defense and the military defense in society. There the military district regiments also play a key role by supporting the volunteer movements, the tie between the people of the region and the region's regiment, and above all by forming the core of the "provincial defense academy" which is formed jointly by the regiment, the provincial government, the county administration, the municipalities etc. in the continuous planning and training for the total defense.

Ultimately it is the politicans who must see to it that the instrument for the security policy they themselves have determined does in fact serve the purpose.

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CSO: 3650/87

MILITARY SWEDEN

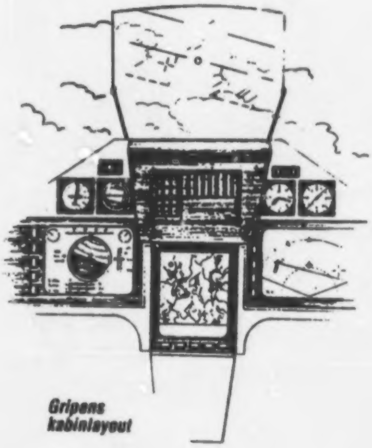
NEW MINI STEERING LEVER DEVELOPED FOR JAS 39 GRIPEN

Stockholm FLYGVAPENNYTT in Swedish No 1, 1985 pp 5-7

[Article by Stig Holmstrom, test pilot for Saab-Scania]

[Text] The ministeering lever--a different kind of gadget. The JAS 39 Gripen is going to have a completely electric steering system. It will be a three-channel digital system without any mechanical backup. Heavy demands are placed on the steering system in a multirole aircraft such as the JAS 39 Gripen: speed, exactness, and reliability. It must keep the unstable platform constantly in balance while simultaneously executing all the various maneuvers that the pilot might conceivably call for--mainly through the steering lever. The steering lever in the JAS 39 deserves a show of its own!

It was realized at an early stage that in order to lose none of the precision and speed built into the control system itself, the link with the pilot--that is, the steering device--would have to undergo refinements in comparison with a conventional steering lever. Lever response to wide arm movements does not provide adequate precision. But the desired accuracy can be achieved if only the nerves and muscles of the hand are used. And that is the case with the steering device now being developed for the JAS 39.



Layout of the
Gripen cockpit.

Bild 1: Prototyp av ministyrspak (flygprovad)

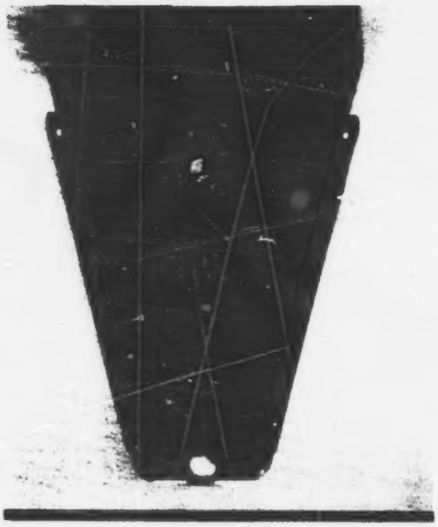
Illustration 1: Prototype of the ministeering lever (flight tested)

Engineer Lennart Nordstrom of Saab-Scania has been in charge of that development since 1978. The result is the so-called ministeering lever, the general--or tiny?--design of which can be seen in illustration 1.

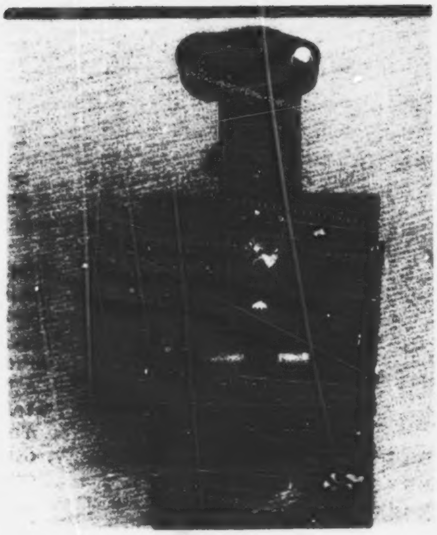
The principle is that all pilots must grasp the lever in the same way. The lower part of the hand and the little finger rest against or hold on to stationary parts. The rest of the hand works with the movable part of the lever.

The bottom baseplate is adjustable to fit individuals--since the size of people's hands varies, of course. But by adjusting the plate up or down, an acceptable grip can be obtained for any fist--big or small.

The upper part of the steering lever can be tilted or rolled around a fulcrum in the lower part of the lever that is also held by the pilot's hand. The



Top view of the ministeering lever.



Front view of the ministeering lever.

stick force is produced by mechanical springs and the instantaneous action of torque motors that can be programmed to produce additional stick force--for centering and slowing down, for example. A conceivable development in the future is for each pilot to be able to set the degree of sensitivity that he himself prefers.

The ministeering lever already has an extensive history of test activities behind it, ranging all the way from the first fumbling efforts in various cockpit simulators to test flights with the lever mounted in the front seat of a T-33 at the Calspan aviation firm in the United States. Its characteristics under high loadings--up to 9 g--have also been tested in the centrifuge at the Caroline Institute in Stockholm (illustrations 2 to 5).

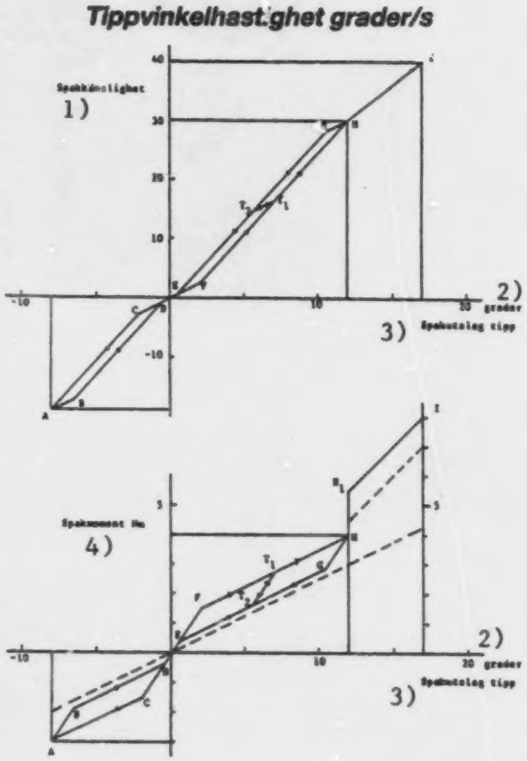
Adequate mobility by the lever has been tested up to about ±12 degrees maximum response in pitch and ±8 degrees laterally (roll). Optimization of lever characteristics, force, and sensitivity is now underway in a simulator at Saab-Scania. To achieve good steering characteristics not only in rapid and wide maneuvers but also in tight steering to a tenth of a degree--when aiming, for example--nonlinear steering rules are followed. Briefly described, this means that in large and increasing lever response, line FH in illustration 6 is followed. In other words, wide banking = high sensitivity. In the case of large but decreasing lever response, line EG applies. The resulting trapezoid is a fine steering zone where low sensitivity prevails.

Outside the normal working range, there is the possibility, in an emergency situation requiring maximum flattening out or a turn, of overriding the 12-degree stall (HI in the diagram, illustration 6).

The same is true in the roll channel, where simulations have shown that a quadratic function is to be preferred (illustration 7).

Angular Velocity in Pitch
(degrees per second)

Angular Velocity in Roll
(degrees per second)



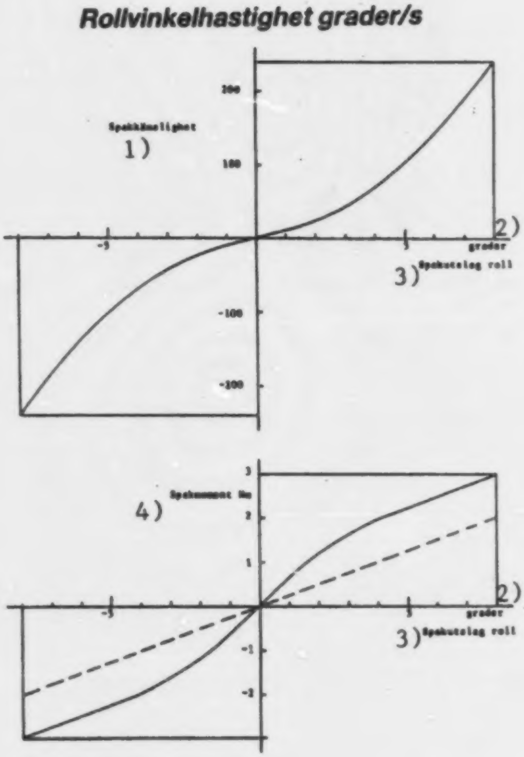


Bild 6: Spakkänslighet och spakmoment i tipp

Bild 7: Spakkänslighet och spakmoment i roll.

Illustration 6: Lever sensitivity and lever torque in pitch.

Key:
1. Lever sensitivity
2. Degrees
3. Lever response (pitch)
4. Lever torque (Nm)

Illustration 7: Lever sensitivity and lever torque in roll.

Key:
1. Lever sensitivity
2. Degrees
3. Lever response (roll)
4. Lever torque (Nm)

As can be seen from illustration 2, placing the steering lever at the pilot's side was also tried (compare, for example, the F-16 Fighting Falcon). The decision to place it in the center was determined primarily by the advisability, in case of need or emergency, of being able to steer even with one's left hand. It is therefore to be viewed as a flight safety measure.

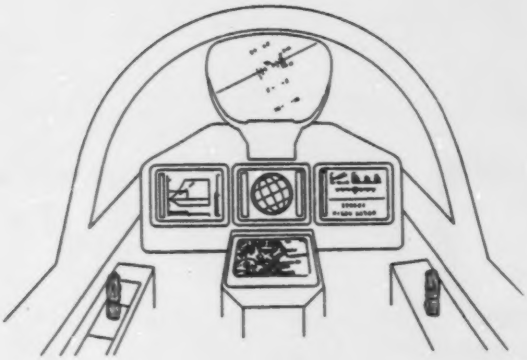


Illustration 2a: Flight simulator with a ministeering device on each side.

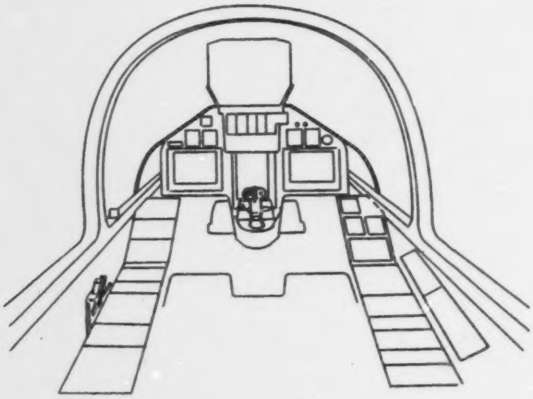


Illustration 2b: Flight simulator with ministeering lever in the center.

Current simulations indicate that the pilots prefer a maximum stick force of about 100 Newtons in pitch and of about 60 Newtons in roll, as well as relatively low sensitivity in fine steering. Pilot evaluations of the ministeering lever are favorable without exception. Most test runs end with a score of 3 or better--meaning "satisfactory without improvements"--out of the possible 10 on the Cooper-Harper scale, which is used to evaluate flying characteristics and so on during testing.

As far as can be determined at present, the ministeering lever--suitably optimized--is going to give the JAS 39 very good flight characteristics. And inversely, it can be said that the JAS 39 requires a steering lever of this or some other unconventional type. Also part of the picture is the fact that it is not just the actual steering of the aircraft that is controlled with the minilever. As usual, a good many other functions must be controlled at the same time.

As can be seen in the pictures, some familiar buttons are to be found on the lever itself. In addition, a number of buttons will also be placed immediately in front of the lever so that they can be easily reached with the fingers without taking one's hand off the lever. Everything must be within comfortable reach even at a loading of 9 g! Increased aircraft performance means new requirements. Thanks to the minilever concept and future pilots with acrobatic fingers, it will no doubt be possible to solve those problems as well.

The arrangement of buttons on and around the steering lever has not been completely determined. A great many questions remain to be answered. For example, it is not certain that a trimming button in the conventional sense is needed in a control system of the JAS type. That and many other things are part of the work that remains to be done. It is clear, however, that several simulation models of the JAS 39 now "fly." As a result, the JAS Industry Group's test pilots and development technicians are beginning to get a good picture of how the steering device concept, for example, works. And as we said, the opinions are gratifying: it really looks good! And a year and a half from now, hopefully, it will get a grade of A+.

PHOTO CAPTIONS [TO PHOTOS NOT REPRODUCED]

1. p 6. Illustration 3: Lennart Nordstrom, designer of the ministeering lever, carefully studies the way in which Gripen test pilot Stig Holmstrom handles the lever in the flight simulator at Saab-Scania.

2. pp 6-7. Illustration 4: The ministeering lever was test flown in this American T-33 about 30 times in 1983. The aircraft is a flying laboratory that can determine various characteristics such as variable stability with the help of computers. During the tests, which were flown by Tord Grims and Gosta Sjostrom (Saab-Scania), Jard Gisselman (FMV:PROV), and Calspan's test pilots, certain of the JAS 39 Gripen's flight characteristics were simulated on the T-33.

3. p 7. Illustration 5: The ministeering lever was tested in the Caroline Institute's centrifuge and found to be efficient even at high g loadings.

11798
CSO: 3650/77

MILITARY SWEDEN

HOME GUARD ACCEPTS NEW NAVAL DUTIES

Stockholm HEMVARNET in Swedish No 4, Oct 85 pp 6-7

[Article by Lt Col Sven Boman of the National Home Guard Staff and head of the Planning Section: "New Activity for Us in the Home Guard"]

[Text] Every place where people live there is a home defense. The Home Guard units are organized in Home Guard districts. Our entire country is covered by Home Guard districts headed by a Home Guard chief, who even in peacetime has surface responsibility for his districts. After receiving orders the chiefs can rapidly begin to command their units. As a rule two to four combat platoons make up a Home Guard district. This is the equivalent of the strength of a company. The units are usually supplied by a supply troop.

Up to now the duties of the Home Guard were principally aimed toward the Army, despite the fact that the 1966 Conscription Committee emphasized that the Home Guard organization is very suitable for solving naval tasks as well.

The Home Guardsman keeps weapons, ammunition and equipment in his home. By so doing he maintains high readiness around the clock and every day of the year. A few hours after receiving orders, the Home Guard units can begin to fulfill their duties.

In January 1985 the government adopted new regulations for the readiness of the Home Guard. These regulations make it possible to make use of Home Guard units with great reliability to the extent required. This makes the Home Guard even more suitable for solving maval duties such as surveillance of areas at sea and in the archipelagoes.

Naval Duties

Even today the duties of the Home Guard have a naval character. Home Guard units man defense guns for the defense of important approaches and coastal sections. In many ports Home Guard units have defense and blockade tasks. The Home Guard is usually present at radar stations and coast artillery installations for defense and guard services. On many coastal sections and islands there are Home Guard groups with surveillance duties. There is thus good reason for expanded activity including purely naval duties.

Reconnaissance, Surveillance and Protection

Surveillance at sea, protection of sensitive coastal areas and ports as well as naval mine defense are of the greatest significance for the state of preparedness along our coasts.

Optical reconnaissance groups, radar groups, diving groups and boat groups are to be organized for the purpose of guarding archipelagoes and coastal regions. Home Guard units with defense and surveillance duties will be supplemented by Home Guard groups for coast artillery and naval mine service. Home Guard groups are also needed for certain support functions such as command, air defense, transportation and dispersal of ships.

Groups with divers and groups for servicing antiaircraft guns on land will also be organized to a limited extent.

The Organization

Home Guard units with naval duties are organized within the framework of the regular Home Guard organization. Two types of groups are being organized. The smaller group consists of six men armed with machine guns. In the larger group there are an additional four men armed with Ak4 guns. Deviations from this organization may be made by a regional chief.

The personal equipment is the same as for other Home Guardsmen and is normally obtained through the defense district chief. Extra Home Guardsmen should receive their personal equipment through arrangement with the mobilization authorities.

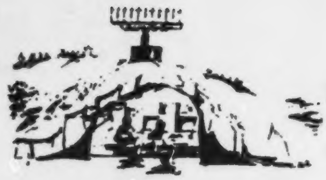
The Home Guard units will primarily utilize the materiel intended for the ordinary units after mobilization and relief. Boats are procured by a regional naval authority through agreement or selection.

For major tasks several groups can be combined into Home Guard platoons with naval duties. The military-geographical conditions around our coasts affect the layout: archipelagic terrain and open coasts need different types and quantities of groups. The units are subordinate to the Home Guard chief but may in some instances be under the orders of a naval commander.

Dimensions

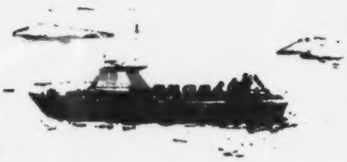
The organization of Home Guards with naval duties has been initiated in all defense districts on a coast. A total of more than 300 naval Home Guard groups will be created. The organization, training and equipment of these groups must be completed before 1990. The need for Home Guard groups with naval duties is expected to increase further after that. It is primarily boat groups and optical groups which are needed.

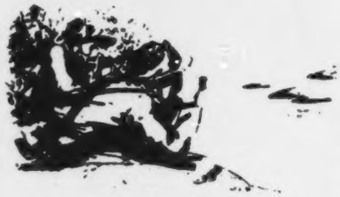
Primarily the following groups will be organized:



Radar group for radar surveillance of sea and coast

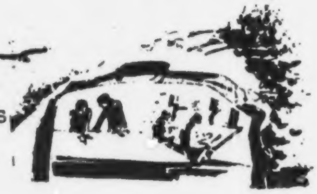
Mine group transports and lays mines from ships

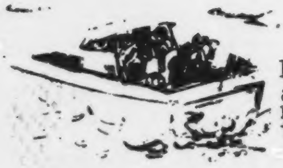




Optical surveillance group surveys sea and coastal region with binoculars

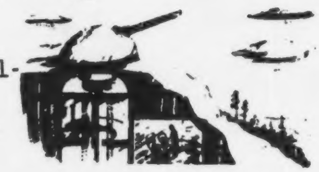
Command group serves a command and communications post

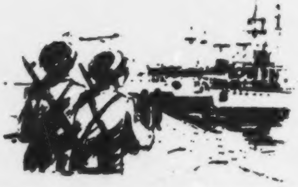




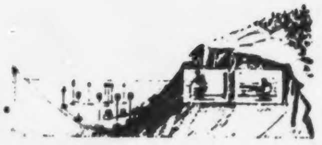
Boat group serves on a boat with reconnaissance and/or transport duties

Fixed Coast Artillery group mans artillery pieces





Port group guards port facilities ... or fixed minefields.



In addition, all other Home Guard groups in the coastal regions will be given supplementary naval training, such as identification and reporting., which will mean a considerable reinforcement of the preparedness and surveillance of our coasts.

11949
CSO: 3650/83

POLITICAL YEAR BEGAN, ENDED WITH INTERVENTION PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 p 9

[Article by Carl Otto Brix]

[Text] The year started and ended with economic policy intervention programs, the first one far more comprehensive than the second one but both with effects into 1986 and even further.

Much has happened since the government, with the aid of the Radical Liberal Party, by way of statutory measures, stopped the impending conflict within the labor market last spring. It was the tightest wage policy ever carried through in the history of the country, but the government finds that this is the very reason for the high grades given the country by international organizations in their evaluations of the economic development. Only in one area do we score 0.3 grades. That is, of course, the area of our balance of payments, and the deficit which existed and still exists in Denmark's trade with foreign countries, is, indeed, the main reason why we have not reached the top level positions in the evaluations by American financial institutions of our creditworthiness.

On the other hand, we are gratified that we need not take up any new loans rightaway.

The very balance of payments developments were the reason why the government took action again by the end of the year. The Christmas package legislation was adopted with the support of the government's firm supporter, the Radical Liberal Party, following a few amendments that were welcomed by everybody.

The government says that the purpose is to lower the pressure, which is especially great within the building and construction sector, and which may cause the steady, good development to stop. A tightening in the amount of 8 billion kroner will not cause unemployment, nor will it cause any increase in the interest rate.

The opposition, naturally, takes a different view, and we shall get to know much more about that in 1986.

The Christmas intervention or adjustment as the government prefers to call it, for some reason or other, took place immediately following the municipal elections, and this election in the middle of the election period did not provide the government and the Radical Liberal Party with any real hopes that their good intentions have dawned upon the voters, inducing them to allow the four-leaf-clover government to continue its policy of recovery.

A municipal election is no parliamentary election, as has been rightly pointed out, but everybody casts a sidelong glance at the results in order to get an idea how things will be when the entire country will have to vote. The municipal elections gave the government few happy surprises and great disappointments, which were not lessened by the subsequent appointments. There was little fraternal harmony among the citizens. It was more or less everybody against everybody.

The Social Democratic Party was in the clear, mostly, however, on account of the Socialist People's Party, whose national and municipal election results have, increasingly, come to coincide, and which, to an increasing degree, will have to carry the burden of responsibility. That means that the party's candidates, elected by the people, cannot spend the national product, in casu the municipal tax, twice, as the Social Democrats are charging them with attempting to do.

It is not all jam, getting into power.

The hot political potato of the turn of the year is neither intervention in collective bargaining, nor the Christmas package, nor the municipal elections.

It is Denmark's continued full participation in the cooperation within the EC.

If Denmark opposes the expansion of the EC treaty arrived at in the top-level meeting in Luxembourg, nothing will ostensibly come of it. But the other participating countries will unerringly continue along the same course without that small difficult North European country, which, incidentally, cannot then expect any special considerations, as in frequent, previous instances, when it comes to fish, agricultural products, steel production; after all, why should they pay any special attention?

The government has, in this matter, chosen not to govern. It has felt that the Social Democratic Party wanted to deal the government such a fatal blow in this matter as to render an election inevitable. The tactic, therefore, is for Prime Minister Poul Schluter (Conservative Party) and Foreign Minister Ellemann-Jensen (Liberal Party) neither to recommend the result of the top-level meeting, nor the opposite. The government itself finds that it, therefore, is not the government's defeat if the Social Democratic Party should end up in a No, which would then become Denmark's No, because the large opposition party has got the majority power.

It may be somewhat difficult for those who are thinking along traditional policy lines to fit the political situation into the well-known forms.

It is not merely on EC issues that there is, or may be, a majority against the government.

The same thing applies in the area of security issues. In about fifteen interpellation debates on Denmark's military security, the government has since coming into power in September of 1982 allowed itself to be outvoted time and again.

This has not had the parliamentary consequences, i.e. the resignation of the government, which would previously have been the natural outcome. The government has continued in office because economic recovery had priority over all other tasks.

That attitude has had the most extraordinary consequences, which the government will have to live with in 1986:

The government carries through its economic policy together with the Radical Liberal Party.

The government carries through a tax reform together with the Social Democratic Party and the Radical Liberal Party.

The government carries through housing legislation together with the Radical Liberal Party.

The government carries through a real interest tax and refugee legislation together with the Social Democratic Party under sharp attacks from the Radical Liberal Party.

Together with the Social Democratic Party, the government intends to build a fixed connection across the Great Belt.

Together with the Radical Liberal Party, the government wants to carry through a commercial television channel, TV2.

The other majority of the Folketing (the Social Democratic Party, the Socialist People's Party, the Radical Liberal Party and the Socialist Left Party) is in charge of the security policy.

The other majority carries through an agricultural financing scheme and agricultural legislation without the support of the government.

It carries through cultural legislation and legal policy laws, for example the law governing the custody of children.

And, at least also at the turn of the year, the other majority thus determines the country's EC policy.

The government, nevertheless, remains in office and expects to do so right until the latter part of the present election period.

The grounds are still the need for economic recovery but lose some of their strength if the government still fails to give such impetus to the export trade as to eliminate the current foreign deficit. The government's objective is for this to happen in 1988.

The year 1986 will be marked by the economic problems but also by Denmark's relation to the EC, by our relation to NATO and, on the more domestic level, the implementation of the tax reform to take effect in 1987, the decision--perhaps the definitive decision!--on the construction of a fixed connection across the Great Belt and the nationwide commercial TV2.

On the more personal level, but, indeed, with political overtones and undertones, comes the major event of 1986, the expected reconstruction of the government. It has worked hardly without any changes since September of 1982, and next summer it will be time for the prime minister to undertake a number of reshuffles which may give the voters the impression--and that may, indeed, be a good idea--that it is a fresh and enterprising government that starts the election campaign in the fall of 1987--following a collective agreement concluded by the labor market parties themselves and remaining within the framework of minimum wage increases.

The latter is not merely the government's dream at the turn of the year. It is its economic policy position that wage increases markedly below those of our competitors are the necessary basis for continued economic progress.

7262
CSO: 3613/48

ECONOMIC DENMARK

POLL FINDS INCREASING PESSIMISM AMONG DANES ON ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 85 p 10

[Article by Asger Schultz, director, M.A. (econ.), the Gallup Institute]

[Text] The faith in a continued high rate of inflation seems unfailing at the same time as the belief that it will be possible to improve the economic situation of the country.

This appears from the annual poll carried through by the Gallup Institute to elucidate the opinions on the part of the population as to what the coming year will bring in a number of crucial areas.

The following survey shows the questions asked as well as the answers to these questions. For the sake of comparison, the averages of corresponding polls carried through for the periods 1969-83, 1974-78, 1979-82 and 1983, 1984 and 1985 are also shown.

Despite the fact that one of the government's most marked results has been the discontinuation of the inflation, two-thirds of the voters (67 percent), nevertheless, find that prices in 1986 will increase at a higher rate than in 1985. Viewed throughout the entire period back till 1969, this seems a law of nature, with the exception of the New Year of 1983, and that is even rather modest.

After a year of nonsocialist government in which improvement of the country's economic situation had been given the highest priority, the optimism at the New Year of 1984 was pronounced. More than half the voters (57 percent) believed that the country would now be making progress.

That optimism now seems to have nearly vanished. A realive majority (38 percent and 35 percent) now finds at the New Year of 1986 that things will go in the wrong direction, as usual.

Irrespective of the fact that the unemployment rate has declined, a relative majority (41 percent as against 34 percent) still expects it to continue to increase. However, compared to the attitude of the voters at the time when the nonsocialist government took over, i.e. at the New Year of 1983, the attitude of the voters has changed markedly. At the time, 84 percent of the voters expected the unemployment rate to increase, now only 41 percent of the voters expect this to happen.

The expectation of a calm labor market is not strange prior to a year where there will be no new collective bargaining.

On the personal economy level, the year 1985 did not change anything. Despite the trend toward increasing real wages, two-thirds of the voters (65 percent) still expect the standard of living to remain unchanged, and even to show a declining tendency.

Altogether, the merits of the nonsocialist government seem to fade among the electorate at the New Year of 1986, and that may, possibly, be due to the fact that the political debate and interest have, inexorably, drawn the attention of the voters to the Achilles' heel of the government, viz. the record-high balance of payments deficit, in contrast to the one projected by the government.

	New Year 1969/73	New Year 1974/78	New Year 1979/82	New Year 1983	New Year 1984	New Year 1985	New Year 1986
	%	%	%	%	%	%	%
"Do you believe that prices in 1986 will increase more than in 1985 or do you believe that they will increase less?"							
Will increase more	67	67	68	64	56	62	67
Will increase less	16	17	15	22	21	16	15
No opinion	17	16	17	14	23	22	18
Total	100	100	100	100	100	100	100
"Do you believe that there will be more or less unemployment in 1986 than in 1985?"							
More	46	61	70	84	67	44	41
Less	23	16	10	7	16	36	34
No opinion	31	23	20	9	17	20	25
Total	100	100	100	100	100	100	100
"Do you believe that we shall have a year with more strikes and more unrest in the labor market than in 1985?"							
Yes	47	55	66	66	37	72	33
No	27	26	17	20	43	16	48
No opinion	26	19	17	14	20	12	19
Total	100	100	100	100	100	100	100
"Do you believe that Denmark's economic situation will become better or worse in 1986 than in 1985?"							
Better	31	19	18	40	57	43	35
Worse	39	55	55	37	18	29	38
No Opinion	20	26	27	23	25	28	27
Total	100	100	100	100	100	100	100
"Do you believe that your standard of living will become higher or lower in 1986 or will it remain unchanged?"							
Higher	17	10	8	6	9	10	12
Unchanged	65	64	57	50	71	65	65
Lower	12	21	30	42	17	22	21
No opinion	6	5	5	2	3	3	2
Total	100	100	100	100	100	100	100

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7262
CSO: 3613/48

RAUMA-REPOLA TO BUILD SHIP FOR USSR SOUTH POLE EXPEDITION

Helsinki HELSINGIN SANOMAT in Finnish 21 Dec 85 p 36

[Article: "Finland Has Awarded Half a Billion Markkas' Order for Ships by Soviet Union. Rauma-Repola to Deliver Polar Expedition Vessel in 1987"]

[Text] Rauma-Repola's Rauma Shipyard will build an Antarctic research and expedition ship for the Soviet Union. The transaction is worth about 300 million markkas.

The contract with the Soviet ship import company, V/O Sudoimport, was signed in Moscow on Friday.

The special vessel, which will be provided with sophisticated special equipment, will be delivered in 1987. It is intended for various research projects in the Antarctic region and for the replenishment of their research stations and expeditions.

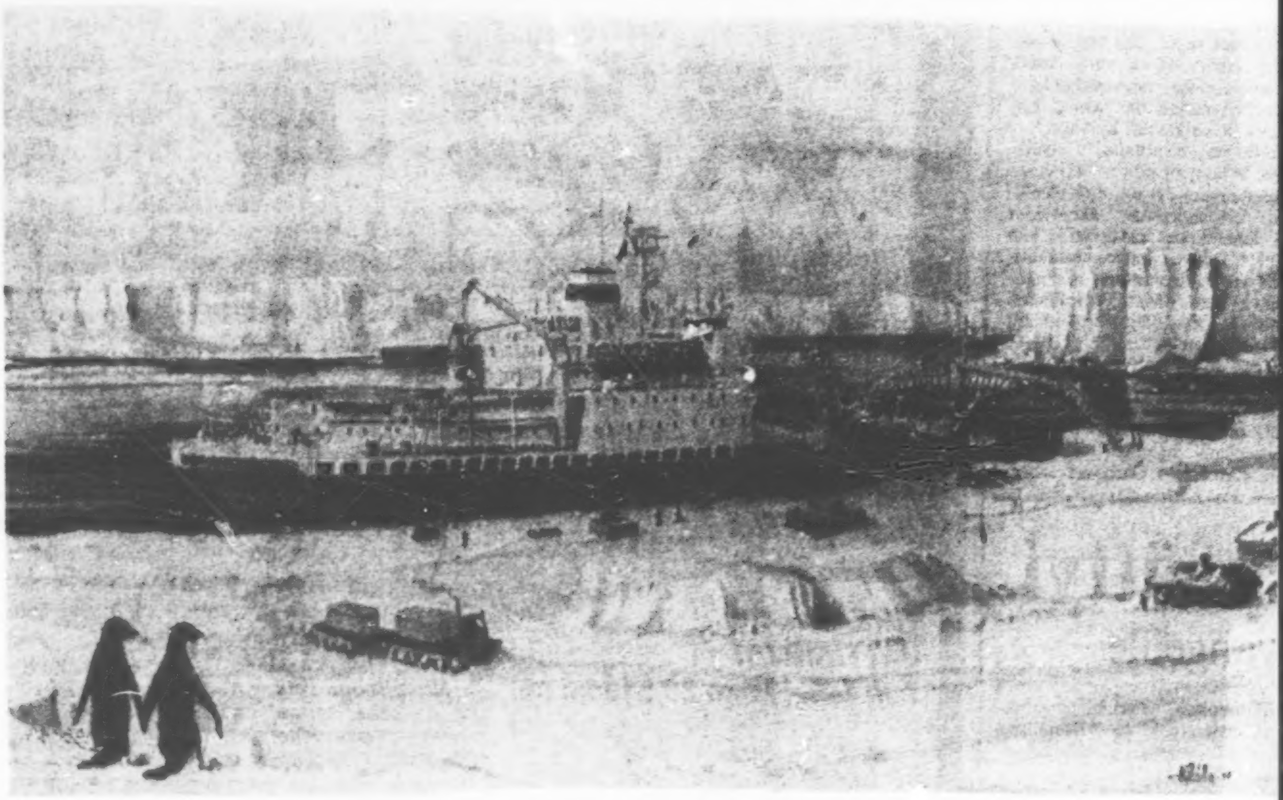
The ship, which will be 140 meters in length and 23 meters in breadth, will be provided with various high-technology research equipment and, including the crew, it can accommodate 250 passengers. The vessel's effect on employment equals to 300 man-years of labor.

Ship To Replace M/S "Mihail Somov"

The ship will replace the Antarctic expedition vessel M/S "Mihail Somcv", which received a great deal of publicity while struggling against the ice in the Antarctic last summer.

Rauma-Repola reports that the order signifies the penetration of a new area by the company's ship building industry. According to Rauma-Repola's report, the decisive factor in the tough competition for the award was the company's extensive research in the improvements on the characteristics of ships moving in ice.

In the past years, the number of different research stations in the Antarctic has increased.



In the Antarctic the research vessel will encounter penguins, according to the artist's visual prediction.

Ship to Communicate with Leningrad

Currently, the Soviet Union has seven stations in the region. The new ship built by Finns will operate as a contact and service ship between the research stations and its home port, Leningrad. It will also undertake hydrologic, aerologic and meteorological studies and research in icebreaking-technology.

On Friday, Rauma-Repola's Uusikaupunki Shipyard delivered a sea rescue tug called SB-922 to Soviet V/O Sudoimport. During the last ten years, the shipyard has delivered 17 rescue tugs to the Soviet Union.

12956
CSO: 3617/46

UNDERWATER RESEARCH VESSEL FOR USSR TO BE BUILT BY VALMET

Helsinki HELSINGIN SANOMAT in Finnish 21 Dec 85 p 36

[Article: "Valmet to Build Underwater Research Vessel"]

[Text] Valmet's Laivateollisuus Oy [Ship Industry Inc.] will build an underwater research vessel for the use of the Gas Ministry of the Soviet Union. As a result of its long-term product development efforts, Laivateollisuus Oy has thus made its first sale of an underwater research vessel.

The value of the transaction is about two hundred million markkas.

The underwater research vessel now ordered is 92 meters in length and 17 meters in breadth and its displacement is 4000 tons. It is intended mainly for service and construction jobs in oil fields.

The vessel has a sophisticated system for working underwater. It makes it possible to perform underwater jobs with the help of divers, unmanned remote-controlled equipment and miniature submarines to the depth of 300 meters.

Due to its computer systems, the ship can maintain its position within a few meters in 8-beaufort winds.

The ship's engine room can operate unmanned for 24 hours.

According to Laivateollisuus, the underwater research vessel is a natural continuation of the series of high-quality research vessels built by the shipyard. Since 1958, the shipyard has delivered 42 research vessels designed for special purposes to the Soviet Union alone.

12956
CSO: 3617/46

BRIEFS

MEAT EXPORTS TO USSR--Finland and the Soviet Union have agreed on the first transactions of meat products contained in next year's quota. In the negotiations, which ended this week, it was agreed that 5 million kg of processed meat products and 7.5 million kg of beef will be exported to the Soviet Union. The value of the transaction is about 16 million rubles, i.e. over 115 million markkas. In the merchandise exchange agreement between the two countries, the quota reserved for the export of meat and processed meat products totals 22-25 million kg. Further transactions will be negotiated at the end of February. At that time, mainly the additional exports of processed meat products, such as sausage, will be agreed on, estimates the Ministry of Trade and Industry. The central organizations of the Finnish meat industry agreed on the first exports with V/O Prodintorg in the negotiations conducted in Helsinki last week. Last year the meat exports to the Soviet Union comprised 2.1 million kg of pork, 10.5 million kg of beef and a record-high 13 million kg of processed meat products. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 23 Dec 85 p 24] 12956

CSO: 3617/46

PSD 'DE-NATIONALIZATION': MEASURES ENVISIONED

Lisbon SEMANARIO in Portuguese 7 Dec 85 p 17

[Text] Now it is necessary to spell out the frame of reference for denationalization. Cavaco Silva's "staff" has already begun to work. Basically, there are seven principles that are to guide denationalization.

1. First Principle: Denationalization will be progressive, in an effort to avoid mistakes, in contrast to a nationalization without any principles, and it would not create any economic inbalances due to the effect of transferring the mistakes of the public sector to the private sector. The first rule is derived from a methodical examination of everything that can be revitalized in the public sector through private initiative. Cavaco Silva will have to follow the British example in tactical terms--denationalization involves two phases: Transformation of public enterprises into companies with public capital and later on into commercial companies, especially corporations, as soon as the Constitution permits this. Then comes the sale of packages of shares at the stock exchange and to the workers. In overall terms, this is an objective to be attained in 5 years, a rather long period of time when viewed against the political background of the present executive. But the impact of this measure will certainly not be lost on the new administrations to be formed later on.

The private sector would like to get only the profitable enterprises or those that could be easily restored, such as beer breweries, cement factories, and banks. It will certainly not try to retake the national steel industry or get into the CNP [National Petrochemical Company] or even take over the liabilities of TAP [Portuguese Airlines] or CP [Portuguese Railroad Company]. But here again the administration will not want purely and simply to abandon declining enterprises and activities so that the state will not become only a manager of things that run badly. This is where we come to the grand options of the plan and to the administration's sector strategy.

2. Second Principle: With the exception of nuclear, civilian or military activities, denationalization, after the Constitution has been amended, will permit the sale of all or part of all of the public enterprises.

Denationalization will be difficult in the current parliamentary context since a parliamentary majority will prevent the sale of the public enterprises. But denationalization--which in the opinion of the current administration has ceased to be an ideological objective and has become a public necessity--will not be able to eliminate the state as such which will continue to exercise its fundamental activities concerned with the control and protection of social well-being (such as insurance, jobs and working conditions, etc.). Learning from the German, American, and Japanese experience, there are sectors which the state would not abandon. Specifically, the state should continue to be the majority stockholder in the sector of armament production, telecommunications, and energy, even after the amendment of the Constitution. Why? For two reasons: (1) Because of the implications in the matter of civilian security; (2) Because of the suspicions that would rapidly arise among the people who continue to believe in the exemption of public services from this step.

3. Third Principle: A significant portion of the present-day public enterprises could even now allow for the minority participation of private outfits and could even be reserved for some leading sectors in economic terms, for typical sectors of the mixed economy. The place of the mixed economy could rapidly be transformed into the most important position in the Portuguese economy. The success of this measure is quite obvious in the German example of the Volkswagen company which continues to be a world leader.

4. Fourth Principle: The end of public monopolies.

This is another objective which presupposes the revision of the economic constitution. But, in long-range terms, it would enable private initiative to have access to all sectors, even those in which it will reserve for itself a leading position.

5. Fifth Principle: The association of private capital with denationalized enterprises should not permit the domination of foreign private interests whose objective it would be to control sectors at the whole in the Portuguese economy or in the Community economy.

The presence of foreign capital in the economy of the denationalized enterprises or the presence of public and mixed capital, especially capital from the EEC, should not exceed certain quotas which would not threaten national leadership in economic sectors.

6. Sixth Principle: Denationalization should not interrupt decision-making processes in the enterprises involved.

One of the big mistakes in nationalization measures was the abrupt termination of the decision-making powers of the enterprises and the cutoffs and startups that were not programmed in the investment plans of those companies. There is uncertainty as to the future which will have to be eliminated from the very beginnings so as to guarantee high levels of confidence and competence in the new management.

7. Seventh Principle: A certain place will have to be reserved for the workers of the denationalized enterprises, both guaranteeing them participation in the capital stock of the enterprises and permitting them representation on the board of directors.

The Planned Eight Steps

How should one denationalize? The steps will be cautious.

1. First of all, a turnover as broad and egalitarian as possible, safeguarding the constitutional principle of the equality of citizens.

2. Selection of actions that will be distributed by the state and by future stockholders: Guaranteeing the participation of the workers, restore and reorganize the enterprises, using the period of transition to membership in the EEC; tax incentives schemes to promote capital transfer.

3. Establishment of a list of enterprises to be sold by the public sector during the 8 or 10 years of the membership transition period, starting as of their transformation into public-capital enterprises, in some cases, mixed-capital enterprises in other cases, or mobilization of partnership titles or exploration license titles.

4. Utilization, for example, of the Secretariat of Public Enterprises as an agency that will, as of now, establish central handling for proposals and intentions of purchase by private outfits. This basically involves establishing the levels of demand so as to correct the timing of denationalization.

5. Promotion of the constitutional amendment regarding the irreversibility of nationalization measures.

6. Transfer of capital titles: Negotiation of payment schemes for assets to the state, determining the unit value of shares on the basis of public competition or by quoting titles at the stock exchange, after the public enterprises have been transformed into corporations.

7. The state must keep track of the new denationalized enterprises during the first few years of their operations.

8. Consolidation of capital.

5058
CSO: 3542/46

STATISTICS ON QUALIFIED IMPROVEMENT OF GDP

Lisbon TEMPO in Portuguese 6-12 Dec 85 p 18

[Article by Jose Vasconcelos: "Growth of the Economy Has Already Begun"]

[Text] The growth of the GDP will fall short of the projected figure; it will be about 2 percent, which is 1 percent below the figure forecast in the 1985 National Budget [OE]. The target with respect to the rate of inflation, however, will probably be achieved: a 22 percent average annual rate and a 20 percent rate from December to December.

The upturn in economic activity had already begun in the first half of 1985, but it was not as strong as desired. On the other hand, because imports were 4.5 percent below the goals established in the Major Planning Options [GOP] and in the 1985 OE, and because exports did attain the target figures (recording a 7.5 percent growth), we find that the deficit in the balance of payments will be less than forecast. These figures are from a study by the Institute for Business Analysis and Planning Studies (IACEP).

The evolution of the economy during the first half of this year shows that the objectives set forth in the GOP and in the 1985 OE will not be achieved--and it will be by default.

The decision not to adopt a more expansionist policy--which was shunted aside in favor of the economic stabilization program adopted in 1984 (although it was made less stringent)--led to this result.

Although this economic policy (the one adopted by the previous government) was not much liberalized, there was nevertheless a greater flexibility--especially in the area of productivity and price policy. This flexibilizing process took place both directly, in the form of greater liberalization or moderation in the area of collective bargaining, and indirectly, in the relative alleviation of the tax burden; this latter aspect of the process was aided by the reduction in the growth rate of the consumer price index.

One aspect that continued to be burdensome for most investors was the high level of interest rates--high not only in nominal terms but especially in real terms, because the drop in the rate of inflation made the "cost" of money rise in real terms.

Under these circumstances, there was a steady decline in the volume of business loans as well as personal loans during the first half of this year.

In sectoral terms, industrial production recorded a growth of approximately 4 percent in the first 6 months of 1985, reflecting an increase over the figure for the same period of the previous year. The largest increases were recorded in heavy industry.

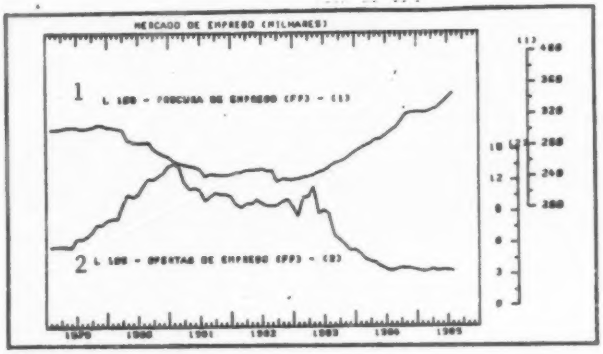
Agricultural production is expected to show--at year's end--growth rates below those recorded in 1984. This situation is not surprising, however, given the exceptional agricultural conditions that prevailed in 1984.

Livestock production will record an estimated decline of approximately 7 percent. Everything indicates, however, that the fish catch will increase by 12 percent.

The construction and public works sector also suffered the consequences of the high interest rates, with output dropping an estimated 8.5 percent in the first 6 months of this year.

On the basis of this examination of the most significant sectors of the economy, we may conclude that the gross domestic product will probably attain a growth rate of around 2 percent as of the end of 1985. This figure would be below the target established in the GOP and in the 1985 OE, which was 3 percent.

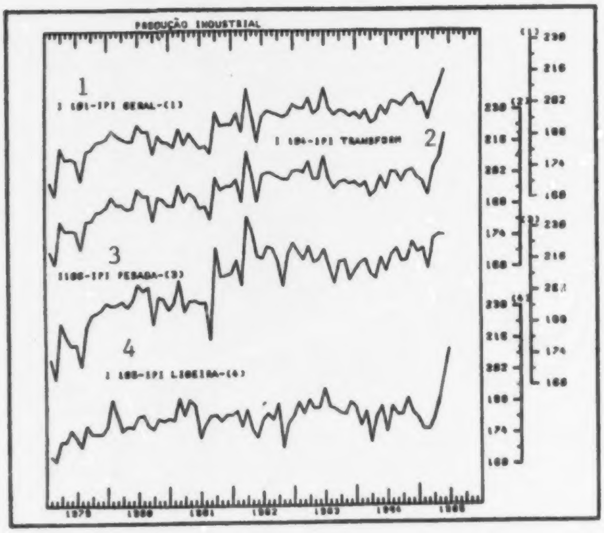
Figure 1. Labor Market (in thousands)



Key:
1. Employment sought
2. Employment offered

The difference in the direction taken by the respective trends in the evolution of supply and demand in the labor market has been accentuated, as a result of the restrictive economic policy.

Figure 2. Industrial Production

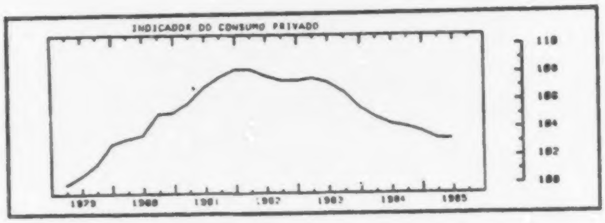


Key:

1. Overall
2. Manufacturing
3. Heavy industry
4. Light industry

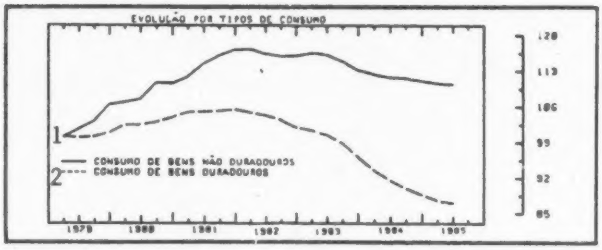
The industrial sector grew in the first half of 1985, and in particular the manufacturing and light industrial subsectors.

Figure 3. Indicator of Private Consumption



Private consumption continued its downward trend, although at a slower rate. In the first half year, however, it did record an 0.6 percent increase.

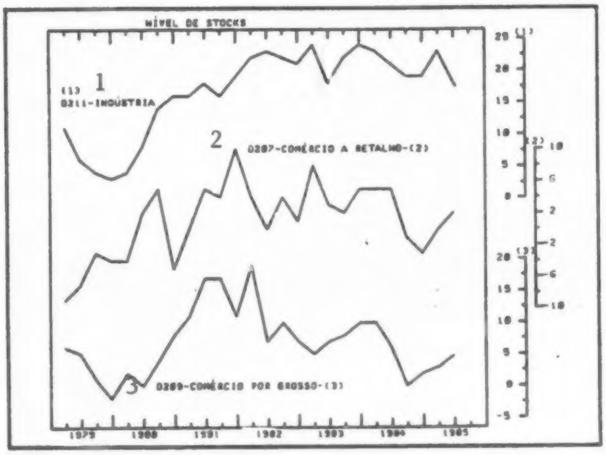
Figure 4. Evolution by Types of Consumption



Key:
1. Consumption of nondurable goods 2. Consumption of durable goods

Because of the conditions imposed by the high interest rates, the consumption of durable goods continued to decline at a high rate--higher than the rate of decline in the consumption of nondurable goods.

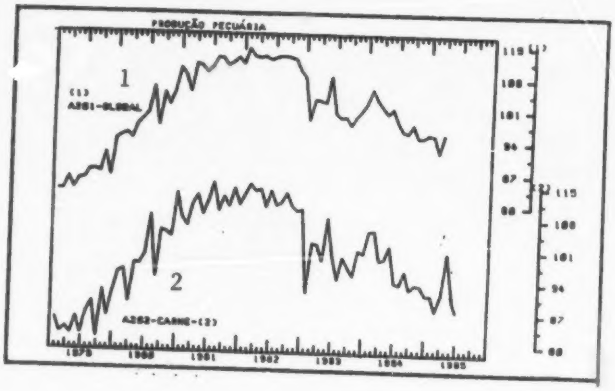
Figure 5. Inventory Levels



Key:
1. Industry 2. Retail trade 3. Wholesale trade

The process of inventory formation gives rise to figures that represent the transfer of industrial products to commerce (wholesale first, and subsequently retail).

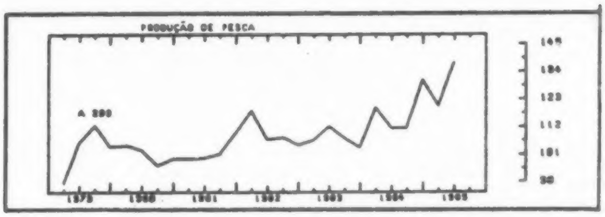
Figure 6. Livestock Production



Key:
1. Overall
2. Meat

Overall livestock production has recovered, although only slightly, but meat production has not.

Figure 7. Fish Production



Livestock [as published; read: "fish"] production, in contrast to what occurred in the case of agricultural production, recorded a significant increase in the first half of this year.

10992
CSO: 3542/47

ECONOMIC PORTUGAL

BRIEFS

COMPENSATION FOR WAGES IN ARREARS--The measures adopted by the administration to resolve the serious situation of workers whose wage payments are in arrear should consist in the payment of 4 months of unemployment benefits and permission for workers involved to be able to cancel the individual work contract with just cause, O JORNAL was able to learn from reliable sources close to the PSD [Social Democratic Party]. In this way, there would be no adoption of basic measures which should be left to the Assembly of the Republic and the administration for the time being should concern itself only with temporarily improving the situation of the workers until the end of the electoral term (in other words, until February 1986), according to these same sources. From that viewpoint, the administration could submit a bill to the Assembly of the Republic on this topic; that bill would contain the necessary basic measures. If adopted, these administration measures will offer the additional advantage of partly satisfying an immediate claim of the CGTP [General Federation of Portuguese Workers] calling for the payment of several wage months through the broadening of the area covered by the Wage Guarantee Fund which in the end would guarantee more than 4 months of wages, in other words, the measure would no longer be applied only to enterprises that have failed. [Excerpts] [Lisbon O JORNAL in Portuguese 6-12 Dec 85 p 20] 5058

RISE IN FOREIGN INVESTMENTS--From January to September of this year, foreign investments in Portugal came to a total of $187 million (about 31 million contos); the EEC countries contributed 68 percent. According to the Foreign Investment Institute, the United Kingdom was the country that invested most in Portugal during the three first quarters of 1985 with 48 percent of the total. Next in order, by country, we have the United States with 15 percent, France with 9 percent, Holland with 6 percent, Switzerland with 5 percent, the FRG and Spain with 3 percent, each, and Sweden with 1 percent. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 13 Dec 85 p 4] 5058

DATA ON LIVING STANDARDS, INCREASED URBANIZATION--Portugal has a living standard that is one-half lower (about 43 percent) than the living standard of the EEC, according to Silvio Romchetti, the director-general of Eurostat (Department of Statistics of the European Communities), in Vimeiro. The data presented by Silvio Romchetti show that Spain has a living standard slightly higher than 70 percent of the Community average and that Portugal has the lowest living standard in the Community. A study by the IACEP (Institute of Economic Situation Analysis and Planning Studies) however reveals that about 54 percent of the Portuguese people live in urban centers where 82 percent of the nation's processing industry is concentrated. The study reports that Portugal has an unbalanced urban network with the most important and largest number of urban centers located along the more highly-developed littoral. In the urban areas, urban growth, between 1960 and 1981, the period covered by the IACEP analysis, is explained basically by an increase in the tertiary sector which is responsible for more than 60 percent of the nonprimary jobs created in these areas. The urban growth rate speeded up between 1970 and 1981, compared to the preceding decade, and the Portuguese urban population for the first time exceeded 50 percent of the total population. During that period of time, Lisbon and Porto accounted for 69 percent of the urban population growth and in 1981 the two cities, respectively, accounted for 45 and 21 percent of the country's urban population. The food, lumber, and cork industries and the nonmetallic mining industries are the ones where the phenomenon of "urbanization" is less noticeable when compared to the processing industry which is concentrated to the extent of 25 percent in Lisbon and 17 percent in Porto. /Excerpts/ /Lisbon DIARIO DE NOTICIAS in Portuguese 13 Dec 85 p 4/ 5058

INCREASE IN TOURIST RECEIPTS--Gross receipts from tourism for the first 7 months of 1985 totaled 88,377,000 contos--an increase of 30.6 percent over the figure for the same period of the previous year. Data from the Bank of Portugal show that from January through July of this year, net receipts from tourism amounted to 68,063,000 contos, an increase of 30.4 percent over the figure for the same period of 1984. In dollar terms, gross receipts were $509 million for the first 7 months of 1985 [up 4.1 percent over the figure for the same period of 1984] and net receipts $393 million (up 4.5 percent). Gross receipts for July totaled 22,191,000 [as published] contos (up 29.8 percent over the figure for the same month in 1984) and net receipts 81,049,000 contos (up 30.5 percent). Another statistic of significance in connection with the increase in the tourist traffic relates to hotel room occupancy. Whereas the room occupancy rate for foreign nationals recorded an increase in the first 5 months of 1984, the rate for Portuguese citizens decreased by 4 percent in the same period. From January through May a total of 5.5 million British nationals slept in Portuguese hotels (up 22.3 percent over the figure for the same period in 1984); 536,000 Federal German nationals (up 42.3 percent); 317,000 U.S. nationals (up 27.6 percent), and 294,000 Spanish nationals (up 31.2 percent). [Excerpts] [Lisbon A TARDE in Portuguese 4 Dec 85 p 13] 10992

CSO: 3542/47

DANISH DRILLING GROUP HEAD SEES TIE WITH NORWAY IN NATURAL GAS

Copenhagen BERLINGSKE TIDENDE in Danish 21 Dec 85 Sect III p 12

[Article by Jesper Elle]

[Text] Dansk Olie og Naturgas A/S (DONG) would like to see joint Nordic cooperation on natural gas on a commercial basis. In the long term, this cooperation could develop into something along the lines of the present Nordic cooperation at SAS (Scandinavian Airlines System). Within 5 or 6 years, DONG would like to be among the top 10 Danish companies in terms of sales.

Increased natural gas exports to Sweden and other countries during the coming years would be of decisive significance to the overall economy of the Danish natural gas project. Increased exports could be achieved through expanded Nordic cooperation in the area of natural gas. DONG is extremely interested in establishing cooperation of this kind.

Representatives of DONG have stated that it is conceivable that joint Nordic cooperation on a commercial basis in the area of natural gas supply and transport could become useful at some point. If this cooperation becomes a reality, it could ultimately develop into cooperation of the type found at SAS, in terms of gross sales.

Just this week, DONG began negotiating with Dansk Undergrunds Consortium (DUC) in the hope of reaching a general agreement that could serve as a basis for joint negotiations with Swedegas AB.

Natural Partner

"During the past year we have been in contact with Statoil in Norway. We are still in contact with them. All possibilities must be investigated in order to secure the necessary supplies and achieve the best possible commercial conditions, but DUC is our most natural partner. It is only natural that supplies for an expanded Danish and Swedish market would come primarily from the Danish section of the North Sea," chairman of the board at DONG Holger Lavesen told BERLINGSKE TIDENDE.

"We are now negotiating with DUC to establish some form in which we can conduct joint negotiations with Swedegas, since it would strengthen our bargaining position if both producer and supplier could participate in the negotiations."

Sweden As Major Customer

Dansk Naturgas has contracts with Swedegas for the delivery of up to 400 million cubic meters of natural gas per year. In addition, the Swedes have options for the purchase of an additional 250 million cubic meters per year, which they intend to exercise. The possibilities for the Swedish market are estimated to be much greater, however.

"Overall, we have export agreements for 1 billion cubic meters of natural gas. The Swedes will purchase about 650 million cubic meters and Ruhrgas has signed contracts for the delivery of about 360 million cubic meters. We also have contracts on the domestic market for 1 billion cubic meters of gas. It is now clear that, in the long term, Dansk Naturgas will use more natural gas than the 2.5 billion cubic meters annually now covered by contracts with DUC," Holger Lavesen said.

The Swedes are considering an expansion of their natural gas network. The option agreement means that the Swedish network could be expanded to Goteborg. This opens the possibility of the further expansion to Stockholm through Middle Sweden, where large industrial areas are located, and to the Oslo region. This would be the simplest and least expensive alternative for Norway.

"A pipeline of this magnitude would open up new prospects for natural gas sales. According to our estimates, this would mean that Swedegas could purchase an additional 1 billion cubic meters per year. The Swedes' own estimates are somewhat more cautious."

"There is still only a general outline of a plan for a pipeline to Stockholm, but it probably will become a reality. After the decision to phase out nuclear power plants, Sweden is investing more heavily in energy and is finding that natural gas is a good and clean energy source."

And there is plenty of gas. DONG agrees with the DUC estimate of gas resources in the North Sea. There is about 100 billion cubic meters that can be recovered on a commercial basis. This is enough for many years to come.

Big Company

Thus, the framework for large-scale Nordic cooperation in the area of natural gas is in place. At the same time, a picture is emerging of DONG as a big business whose sales are increasing steadily.

Last year DONG achieved gross sales of about 5 billion kroner. In terms of sales, DONG jumped from the 120th position to the number 50 spot.

A temporary new record will be set this year, when the state-owned company will reach a position somewhere around number 20, with sales of about 6 billion kroner.

The chairman of the board estimates that, within 5 or 6 years, DONG will be among the top 10 Danish companies in terms of sales.

The high sales figures are a result of both natural gas and oil sales. Dansk Olie og Gasproduktion (DOPAS) is participating in oil exploration in the North Sea and the establishment of Dansk Operatorselskab I/S (DANOP) has made it possible for the company to participate in oil and gas exploration as an operator. DOPAS owns half of DANOP and the other half is owned by private Danish companies.

"We have extremely high sales figures per worker and we are finding our own natural position in Danish business," Holger Lavesen said. "At Dansk Operatorselskap, we are cooperating with 20 private companies and it is of great significance that we are working together with private businesses."

"Our company may be expected to assume many important tasks and take much initiative in the areas of research and development that we consider relevant. We must gain extensive expertise in oil geology and recovery technology in the areas of oil exploration and recovery."

"This initiative will determine whether or not we will be competent in acting as an operator, but it will also be important in building up Danish expertise as a whole. The authorities need this expertise in order to successfully grant concessions and monitor activities in the field."

9336
CSO: 3613/42

ENERGY DENMARK

COUNTRY NOW PRODUCING ALMOST 25 PERCENT OF ENERGY NEED

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sect III p 1

[Article by Jesper Elle]

[Text] Energy consumption is rising as a result of increased business activities and other factors. At the same time, during the first 9 months of the year Danish energy production rose by 6 percent, compared to 1984. Without this production, Denmark's net fuel imports would have cost an additional 6 billion kroner.

Danish production of crude oil, natural gas, and energy from renewable sources now covers just under one fourth of the total Danish energy needs. At the same time, energy consumption rose by 5 percent which is due, in party, to increased business activities that have an effect on energy consumption.

Danish energy production covers 23 percent of consumption. This represents a 6-percent increase, compared to the same period in 1984, according to a report from the Energy Board over the first 3 quarters of this year. The production of crude oil and natural gas, alone, covers 20 percent of consumption. Without this production, it would be necessary to import fuel costing 6 billion kroner more than the amount actually imported.

The savings this year are 2.5 billion kroner greater than the same period in 1984. Nevertheless, the net loss of foreign exchange for energy imports rose by 900 million kroner. This was a result of higher prices, expansion of fuel stockpiles, and increased energy consumption.

Natural gas consumption has risen sharply along with the increasing number of consumers, but electricity consumption also rose. Electricity consumption rose by 6 percent, rising 4 percent in the third quarter alone. This significant increase appears to be the result of a higher level of business activities.

9336
CSO: 3613/42

ENERGY DENMARK

BRIEFS

NORTH SEA OIL FIND--Dansk Undergrunds Consortium [Danish Substratum Consortium] (DUC) has received one more confirmation of the fact that the Lulu area, 90 kilometers northwest of the Gorm field, can be believed to contain large amounts of oil. After three months of work DUC has just concluded a so-called assessment drilling, Vest [West] Lulu-3. Oil has been brought up each time DUC has drilled in the Lulu area, but the partners in DUC--A.P. Møller, Shell, Chevron and Texaco--will take an official position next summer at the earliest on whether it can pay to bring the oil up. A.P. Møller reports that the "Maersk Endeavour" drilling rig, which began the Vest Lulu-3 drilling on 13 September of this year, has now moved to the Lulu structure, five kilometers east of Vest Lulu. [By tmb] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 15 Dec 85 p 13] 8831

CSO: 3613/49

DATA ON ENERGY IMPORTS, COSTS INVOLVED

Lisbon A TARDE in Portuguese 5 Dec 85 p 6

[Excerpt] Portugal's energy imports are expected to total 357 million contos as of the end of this year--12.5 percent more than in 1984--according to a study published yesterday by the General Directorate of Energy [DGE]. Of this bill, petroleum imports are expected to account for 324.5 million contos (3.4 percent more than in 1984); coal 17 million contos (a 206 percent increase); and electric power 15.5 million contos (a 401.3 percent increase).

The study declares that the significant increase in coal imports is due primarily to the coal imports necessary to operate the new EDP [Portuguese Electric Power Company] thermal electric power plant, whereas the increase in electric power imports is due to the choice made by this public enterprise to import electric power to the detriment of fuel oil in view of the fact that the former had become cheaper.

The DGE study--elaborated by Hermano da Silva--forecasts that Portugal's energy bill for next year will probably reach 404 million contos (13.2 percent above the 1985 figure), based on the premise of a total consumption of 8.1 million tons of petroleum products and maintenance of this year's levels of petroleum production (540,000 tons) as well as an estimated 680,000-ton increase in coal consumption at Sines (EDP).

A breakdown of this energy bill accordingly points toward the importation, in 1986, of 360 million contos worth of petroleum, 26 million contos of coal, and 18 million contos of electric power.

Energy Bill

Hermano da Silva's study shows that last year the "debit entry" (imports) in the balance of trade ledger came to 1.028 billion contos, of which total 322 million (31.4 percent) represented purchases of energy abroad.

A breakdown of this latter sum reveals that petroleum is the principal component of the nation's energy bill (approximately 314 million contos worth of petroleum imported, representing 30.5 percent of the debit in the balance of trade), with coal imports (5 million contos, 0.6 percent) and electric power (3 million contos, 0.3 percent) having only a very slight impact.

The study also points out that even though the average price of imported crude had dropped in recent years (down 21.9 percent in 1984 from the 1981 figure), we witnessed--during the same period--an 85.3 percent increase in terms of escudos.

"Whereas in dollars the price increased approximately sevenfold from 1973 to 1984, in terms of escudos the multiplier was approximately 43 for the same period," the study relates, pointing to "the devaluation of the escudo against the dollar as the principal factor responsible for this extraordinary differential."

10992
CSO: 3542/47

NEW DAM CONSTRUCTION TO FULFILL ENERGY NEEDS

Lisbon A TARDE in Portuguese 4 Dec 85 p 12

[Text] The Alto do Lindoso Dam--a project scheduled for completion in 1992--will have the largest capacity of any hydroelectric plant in Portugal and will generate approximately 4 percent of the nation's energy needs.

"When it goes into operation 7 years from now," Correia Figueiras, director of the EDP [Portuguese Electric Power Company], said, "the dam will have a generating capacity of 860 billion kWh [as published], which is less than 5 percent of the annual domestic consumption."

The project--which is being carried out by the EDP--will entail technical investments totaling approximately 35 million contos (at March 1984 prices) and will be the largest--in terms of power generating capacity--of the five dams currently under construction in Portugal.

Most of the water to be impounded by the dam--which will flood a total area of 1,022 hectares along the banks of the Lima River--will be stored in a reservoir on Spanish territory, an aspect that is already covered by an agreement with our neighbor nation.

The hydroelectric generators of this dam (two generators of 300 megawatts each, representing more than twice the total installed capacity of the Castelo de Bode Dam) will function in the power station that will be situated approximately 300 meters underground.

In addition to the Alto do Lindoso Dam, other dams currently under construction are: the Torrao Dam, on the Tamega River; the Vilarinho das Furnas II Dam (a second complex, on the Homem River); and the Sela Dam, on the Minho River; the Alqueva Dam is in its start-up phase. New hydroelectric projects scheduled for construction are: the Foz Coa Dam, on the Coa River; the Pracana Dam, on the Ocreza River; and the Vila Soeiro Dam.

Each of these new dams is expected to require between 8 and 10 years for completion--a "reasonable period of time," according to Correia Figueiras, inasmuch as the "EDP does not possess the capacity to have more than five construction sites in operation at a time."

Completed, but still in the construction stage, is the Crestuma-Lever Dam, which approximately 1 week ago made its first experimental delivery to the network. The dam is scheduled to begin full operation in 1986.

Correia Figueiras believes that the capacity of the electric power generating centers is "in balance." "This capacity is dimensioned in accordance with the requirements of consumption, which has been growing at an annual rate of around 5 percent," the EDP director emphasized.

"If consumption increases at an average annual rate of 5 percent, it means that in 20 years we shall require twice our present energy capacity, and this would actually appear to be an overly conservative view of our possibilities," he said in conclusion.

10992
CSO: 3542/47

DESERTIFICATION, ECONOMIC CONSEQUENCES THREATEN COUNTRY

Lisbon TEMPO in Portuguese 6-12 Dec 85 p 25

/Excerpt/ "The process of Portugal's desertification has already begun. Even though one might say with an element of caution that there is no such thing as desertification among us there are nevertheless strong warning signals," said Leonel Fadigas, director of Tecnep--Studies Projects, and instructor at the Higher Institute of Social and Political Sciences, during a lecture given at the Agricultural Science Society of Portugal.

The areas most heavily hit by the gradual process of desertification are scattered a little bit throughout the continent: Algarve, Leziria Grande de Vila Franca de Xira, Baixo Vouga, Alentejo, Western Shore, and the Vouga, Ave, and Almonda rivers.

The reasons are not always the same and they range from the salination of the ground all the way to the pollution of irrigation waters, via the single-crop system.

According to the technician, the most preoccupying case involves the area of Algarve where the symptoms are alarming.

This brings desertification which is understood here as "the process of the progressive destruction of the productive capacity of the environment, thus speeding up inbalances, raising poverty levels, making survival in terms of food more and more unstable, and intensifying the cultural uprooting of the population. Basically, desertification produces poverty, it creates vast, badly-structured urban concentrations, it accentuates social inbalances within the countries and it increases the gap between the rich and the poor countries," the Tecnep director continued.

5058
CSO: 3542/46 END

JPRS-WER-86-012

4 February 1986

West Europe Report

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JPRS-WER-86-012

4 February 1986

WEST EUROPE REPORT

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POLITICAL DENMARK

POLLS INDICATE CLEAR TREND IN FAVOR OF LEFTIST PARTIES

Copenhagen BORSENS NYHEDSMAGASIN in Danish 16 Dec 85 pp 71-72

[Article by John Wagner: "Voter Shift to Left Could Change Government"]

[Text] The budget parties, e.g. the four government coalition parties plus the Radical Liberals, are losing voter support. If this trend is intensified by the Christmas intervention it will underline the need for soul-searching on the part of the government and for the cabinet shakeup that Prime Minister Poul Schluter had "no plans for in the immediate future," as he put it following a cabinet meeting last Tuesday.

In 45 of the 66 opinion polls that have been taken since the Folketing election in January 1984, the five parties behind the government's economic policy--the Conservatives, the Liberals, the Center-Democrats [CD], the Christian People's Party and the Radical Liberals--have had a voter percentage below the 48.3 percent they received in the last election. After the contract intervention in the spring the situation became especially bad: In 20 of the 26 opinion polls, the Social Democrats, the Socialist People's Party [SF] and the Left-Socialists [VS] have had more voter support than the five nonsocialist parties combined. And in 12 cases only the 2 or 3 percent support for the Progressive Party ensured a nonsocialist majority.

The fact that there was a shift to the left in Danish politics in connection with the contract intervention is shown by more than the declining support for the five budget parties--and the municipal elections, which also showed the same trend. The development is underlined by the fact that the three socialist parties in Folketing, the Social Democrats, SF and VS, have an increasing share of voter support. The Social Democrats have noted gains on 16 occasions in comparison with their 1984 election results, 31.6 percent of the vote, while SF has been above its 11.5 percent election results in all 26 of the opinion polls taken since the contract intervention.

Surprising New Opinion Poll

Most remarkable is the opinion poll from the Gallup Institute that BERLINGSKE TIDENDE published last Sunday. According to this poll, which was taken in the period from 23 November to 1 December--in other words in the period between the municipal elections on 19 November and the government's confirmation of the Christmas intervention, which came on 4 December, the nonsocialist parties now have their lowest support level since the last Folketing election, 44.6 percent in the Gallup poll compared to 51.9 percent in the election.

The four government parties--the Conservatives, the Liberals, CD and the Christian People's Party--were down to 40 percent of the votes in the Gallup poll, the same as when the government intervened in the contract negotiations. Thus there has been no "recovery" and naturally enough this has been a matter of concern for the four parties--especially CD, which for the first time since the Folketing election had a Gallup support level below the cut-off barrier of 2 percent. The same fate befell the Progressive Party (for the second time).

Trend in Many Opinion Polls

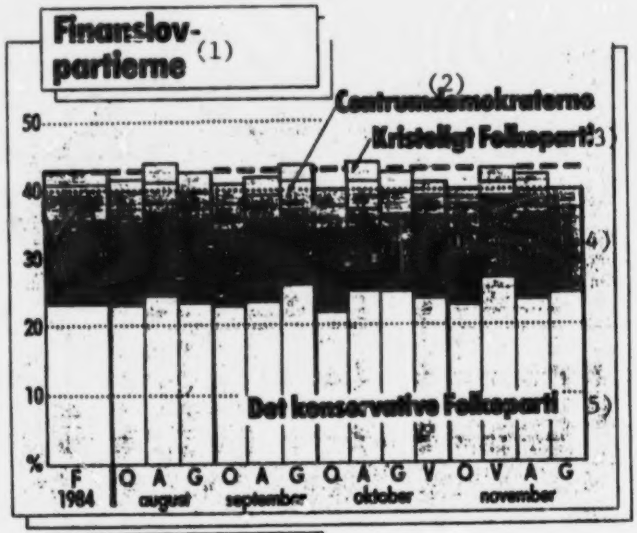
There are good reasons why the politicians at Christiansborg take the many opinion polls seriously. All experience shows that election results are close to the results in polls taken previously and the tendency in the polls was clearly confirmed in the municipal elections:

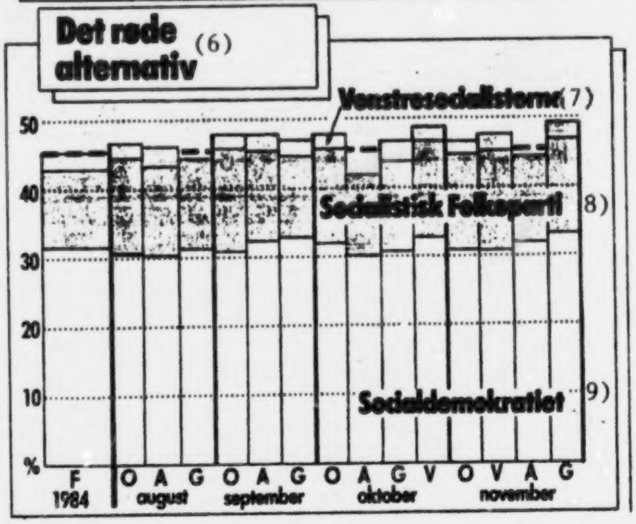
After four election defeats in a row--the 1981 and 1984 Folketing elections, the 1981 municipal elections and the 1984 EC parliamentary election--the Social Democrats are making new gains. The Gallup poll's 33.4 percent is the highest voter support level to date since the election in January 1984. It is almost unprecedented that SF is continuing to improve at the same time and that this is apparently not complicating the situation for VS. The left wing's 49.8 percent support level is the third highest since the election. On two occasions soon after the contract intervention, the Social Democrats, SF and VS received a 50 percent combined approval rating from the voters.

Among the government parties it is CD that has had to pay the price for unpopular interventions and Erhard Jakobsen's outburst against the Danish policy on South Africa at the CD national congress in early November seems to have intensified the party leader's problems. In 56 of the 66 opinion polls CD has had declining support and reached the bottom last Sunday when Gallup wiped the party off the political map. The Conservatives remained stable and showed a slight gain. The Liberals also seem to have made gains recently while the Christian People's Party remains stable with between 2 and 3 percent of the vote.

The Radical Liberals are a little under their election result of 5.5 percent--not bad if one recalls that in the months after the so-called job offer compromise and the contract intervention they were down to 3.4 percent in an April Gallup poll. In an analysis the AIM institute made for BORSEN at the beginning of November the Radicals had a 5.2 percent support level, while the level in last Sunday's Gallup poll was only 4.6 percent. Considering the uncertainty of these polls, one must note that by and large the Radicals are maintaining their voter support on the national level, even though their municipal election results were very disappointing.

The opposite is true as far as the Progressive Party is concerned. The party suffered a big defeat in the municipal elections and is on the point of dropping out of Folketing in the Gallup poll. The party has noted losses in 61 of the 66 polls.





Key:

1. Budget parties
2. Center-Democrats
3. Christian People's Party
4. Liberals
5. Conservatives
6. Red alternative
7. Left-Socialists
8. Socialist People's Party
9. Social Democrats

F January 1984 election
O Observa/JYLLANDS-POSTEN poll
A AIM/BORSEN poll
G Gallup/BERLINGSKE TIDENDE poll
V Vilstrup/POLITIKEN poll

Exciting Spring

For Prime Minister Poul Schluter and the political parties it will be exciting to see how the voters react to the Christmas intervention in the weeks and months ahead. Is the "crisis mentality" that helped the four coalition parties and particularly the Conservatives so much in the first years of the regime a thing of the past? Have things already reached the point where the Social Democrats (plus SF and perhaps VS plus--who knows?--possibly the Greens) look like a credible alternative?

If there is no restoration of nonsocialist voter support in the polls this spring the result will be the soul-searching that several leading nonsocialist politicians have long called for internally but did not want to mention externally for fear of even greater voter shifts. This process must include several painful subjects, such as whether the government's attitude toward public employees was a little too provocative and--no matter how sensitive this may be--whether the time has come to replace the government's weakest cabinet ministers before the bring the whole government down with them.

6578
CSO: 3613/47

POLITICAL DENMARK

RADICAL LIBERALS' POOR ELECTION COMPLICATES COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 7 Jan 86 p 7

[Text] The poor municipal elections of the Radical Liberal Party make it more difficult for the government to pursue a coherent economic policy, the Minister of Foreign Affairs points out. He says that the gains of the Socialist People's Party will, undoubtedly, also give rise to profound considerations within the Social Democratic Party.

The conditions of the government have not become easier after the municipal elections on 19 November, the chairman of the Liberal Party, Foreign Minister Uffe Ellemann-Jensen, states in the party's organ LIBERAL.

In his opinion, it is, in particular, the setback of the Radical Liberal Party which makes the situation more difficult, for the support of that party is still necessary in order to pursue a coherent economic policy.

The low rate of participation in the elections, as mentioned earlier, is one of the reasons for the result, which for the government as a whole became poor.

Uffe Ellemann-Jensen wonders why people chose to stay at home. One of the reasons may be that people felt safe. The government pursues the right policy, as a result of which they find that everything is fine. However, there is, of course, also the explanation that people are dissatisfied with what they consider a weak political profile.

The chairman of the Liberal Party urges persons of the same opinion to mark their positions, so that the voters will be able to understand the demands that the compromise makes of the minority government and will avoid becoming disappointed and confused.

He believes that the outcome of the election is bound to lead to profound considerations within the Social Democratic Party, because the policy pursued by the party has legitimated the Socialist People's Party to the voters, and it was the Socialist People's Party that won the election. That is why 'the red wave,' as the Foreign Minister calls it, is bound to give rise to concern not only within the government.

He finds it unreasonable to allow the Social Democratic Party, the Socialist People's Party and others to monopolize environmental issues, "as if the rest of us do not take those issues seriously."

Jens Brandt (Liberal Party), chairman of the County Council of Bornholm, blames the Liberal Party for not having been fast enough to take up that very issue. "We allowed the Socialist People's Party and the Greens to run off with the most popular political issue: the environment," Jens Brandt writes in LIBERAL.

"In view of its close association with agriculture, the Liberal Party ought to be the party that is the most aware of the environment," he writes. "We took too long taking up a position, too long thinking along new lines. In the meantime, they ran off with the immediate society, which we--in our efforts to ensure the economic recovery of the country--failed."

7262
CSO: 3613/56

POLITICAL GREECE

NATO-FINANCED PROJECTS DISCUSSED

Athens TA NEA in Greek 5 Dec 85 p 17

/Article by Nikos Roussis: "Research Projects in Aegean and Aliakmon With NATO Money"/

/Text/ According to TA NEA exclusive reports, scientific research projects of international and economic interest will be carried out in the Aegean Sea, the Aliakmon /River/ as well as in other areas of the country. The research projects have already been scheduled and half of their cost will be financed by NATO. The other half of the 10 million dollar cost will be paid by the General Secretariat of Research and Technology.

According to the same sources, these projects are part of the SFS/NATO (Science for Stabilization) program and concern the seven research projects assigned to the Research Center of the University of Crete.

The Agricultural Bank of Greece /ATE/, the Public Power Corporation, and the National Metsovion Polytechnic School have already been asked to participate in certain of these projects. The seven research programs are:

1. Study of the fish population in the Aegean.

2. Study of the Aegean food chains and ecology.

3. Study of managing the Aliakmon water potential.

4. Construction of a research fishing craft.

5. Production of virus-free plants. The first attempt will be plants from "a vineyard."

6. Development of systems for the computerization of offices.

7. Sublimation of Greek lignites.

Finally, while the whole affair is being kept secret, ESKY-ATE are asking all organizations of employed people to go to the bank and ask for information so they may be able to decide if such support by the bank serves the interests of the farmers and the country's development.

7520
CSO: 3521/70

PAPANDREOU SEEN AIMING AT NON-PARTISAN POLICIES

Athens TO VIMA in Greek 8 Dec 85 p 1

/Text/ Premier Papandreou's initiatives 2 days ago in the Chamber of Deputies for "democratic dialogue" and "national consensus" are recognized as opening the way to new developments in the country's political scene.

All political parties agree that Papandreou's appearance in the Chamber confirms both his dominating role in the country's political life and his intention to follow a policy of "national character" on a number of domestic and external affairs.

It suffices to note that the initiative for safeguarding and broadening the democratic system and political dialogue, as well as the initiatives for dealing with national issues in an "above-parties" way, satisfy both the rightist and leftist opposition parties. Certain people believe implementation of such a "policy of consensus" definitely opens for Papandreou the road to the presidency of the Republic.

Reliable political circles think that Papandreou's decision to avoid, as the principal speaker in the Chamber, past disputes with political parties and personal attacks, also as a reason toward the presidency.

In the context of these developments one should expect that the main purpose of the rumored future reshuffling of the government will be to promote persons who will implement this new policy of consensus.

According to TO VIMA reliable sources, A. Papandreou, in cooperation with other members of the PASOK Executive Office, has decided to impose the spirit of this new policy on the Movement's party mechanism as well and to the party's mass gatherings and organizations.

7520
CSO: 3521/70

POLITICAL GREECE

PAPANDREOU JUNIOR: NO AMBITION FOR HIGHEST POSITION

Athens KYRIAKATIKI ELEVTEROTYPIA in Greek 8 Dec 85 pp 6, 7

/Article by Eva Nikolaidou/

/Excerpts/ "A third Papandreou as premier would represent a failure of our socialistic policy," says George Papandreou in an answer to a question if he ever wanted to govern Greece.

It is not very easy to have an interview with a deputy minister who is responsible in three Ministry sectors where thousands of persons are waiting for him and where he has unlimited responsibilities

/Question/ Recently you organized a convention of economists on the economic prospects.

/Answer/ The international community shows great and multisided interest in Greece because it tries to develop in its own way, overcoming the economic crisis in a way which wants the citizen as participant and which needs to mobilize the human capabilities to the utmost.

While in other countries economic measures are followed by a very conservative policy, our policy is that we can impose economic measures but at the same time it must maintain its developmental character. This means that an emphasis must be given to the effort to mobilize as many as possible forces for coping with the problems. We depend a lot on the human factor and not simply on some technocratic, administrative, or legal formula.

In the framework of this philosophy there are many economists throughout the world and even politicians who like to see Greece as a privileged area for discussion and dialogue on the various experiences and possibilities of the countries to overcome the crisis in Western Europe, the Third World and other areas. We want to create this dialogue on alternative possibilities and solutions for solving the present international economic situation.

The positive result of this meeting of economists was that the foreigners showed a great understanding.

/Question/ Some rightist as well as other newspapers have linked the resignation of Kostas Laliotis with ambitions on your part. Would you like to comment on these reports?

/Answer/ I have already announced that I regretted his resignation. He was and still is a friend and a collaborator since I am his successor to the position he held in the New Generation Ministry.

Kostas initiated many programs which I am continuing. We had close cooperation, assistance and understanding. What is said about my ambitions is silly and malicious.

/Question/ You mean to say that you are not ambitious?

/Answer/ Even if ambitions exist, they spring out of sincere intentions and a specific policy, not out of secret manipulation. I always say that open dialogue is the best way. I have no differences with Kostas Laliotis. If differences existed we would have discussed them openly in the Central Committee.

/Question/ Your name is connected with a long tradition. Your grandfather was a premier and so is your father. Would you like to be a premier in the future?

/Answer/ No. I would not like to be a premier. I would say that in the struggle for socialism, for a change of mentality and a change of attitude toward social programs it would be a failure of our socialist policy for a third Papandreou to become premier. This in the sense that the new cadres would come only through traditional procedures. Of course, this does not mean that I am not interested in politics and don't want to participate, but it is not necessary that I must be premier to do so. I do not have such ambitions.

How He Sees the Family

George Papandreou, 33, is married and has a son. However, his devotion to politics allows him very little time to be with his family.

/Question/ Who of your parents influenced your character the most and were they strict?

/Answer/ Both of them helped me. I derived from both the best elements. Even their austerity aimed at me being sincere, at respecting my fellow man, and to be honest and attain certain principles of good behavior.

7520
CSO: 3521/70

POLITICAL GREECE

KARAMANLIS ALLEGEDLY DISAPPOINTED WITH ND PERFORMANCE

Athens TAKHYDROMOS in Greek 5 Dec 85 p 6

/Text/ The Karamanlis cautious public appearances and the skillful "posthumeously published reports" about him undoubtedly express one side of his political plans. On the other side, however, there exists abundant and reliable material from certain Karamanlis confessions to associates and companions. These back-stage discussions reveal a deeply pessimistic Karamanlis view, not only on future political developments--a "sensible" view since, to an extent, these developments are related...to PASOK--but--mainly--on the prospects of his own party. These facts are recognized by Karamanlis and are:

a. There is no chance that ND may become the leading party under Mitsotakis' chairmanship.

b. With its present confusion, contradictions and disputes, ND has no possibilities of winning any contest with PASOK. Karamanlis is even pessimistic about the outcome of the municipal elections--the results of which he sees nearly negative for ND.

c. The "present political impasse" could be solved in three ways: 1) through adoption of the simple proportional system, but he is not optimistic about it; 2) through the election of Papandreou as president of the Republic--something he does not see happening soon, or finally; 3) through either PASOK's loss of the majority it enjoys in the Chamber of Deputies (with dangerous prospects for the country) or its social influence--in which case PASOK will be forced to cooperate with a section of ND and Democratic Renewal /DIANA/ deputies and cadres.

Karamanlis believes this third solution--even if PASOK has a majority of 151 /out of 300/ deputies in the Chamber--would be "desirable and the best" since it would mean that PASOK is becoming a bourgeois party.

In such a case Mitsotakis is an obstacle and for this reason any hope for consensus pre-assumes his departure from the ND leadership or even from the party itself if 5-10 deputies break away from him. Karamanlis believes that Mitsotakis' withdrawal from ND with some of his deputies will be compensated by the return to the party of all DIANA deputies as well as of Boutos and

Dion. Livanos. But even for such a development Karamanlis is rather pressimistic. Rather, he foresees a widening of the gap in the ranks of the party which he founded, and does not see any hope of its becoming a majority party and assuming power or even playing an effective role in political developments.

7520
CSO: 3521/70

INTRA-PARTY TRENDS, TROUBLES AFFECT ND

Differences Between Grassroots, Leadership

Athens TO VIMA in Greek 17 Nov 85 p 2

/Article by Mikhalis Dimitriou: "Ideological Dissention Between Leadership and Grassroots"/

/Text/ A special Panhellenic poll by ND, conducted in approximately 2,000 party organizations (local, branch, youth) offer revealing conclusions about the party's pre-election errors and the necessary corrective measures it must take in the future.

The overwhelming majority in the administration of the party organizations (which respeonded to the special questionnaire sent by the party's central administration, after these organs held a special meeting):

--rejects the term "liberal" and indirectly condemns K. Mitsotakis' decision to add this word to the party's title;

--rejects the "neo-liberal" views in the economic sector (full freedom of the market, abolition of the Automatic Cost of Living Adjustment /ATA/, etc.) which were presented and applied by the group of Stefanos Manos, A. Andrianopoulos, and others before the general elections; and

--emphasizes as a necessary element for the future the disengagement of the party from the views of the traditional Right (as Ath. Kanellopoulos has been suggesting for years) and the promotion of pro-people programs centered on a welfare state as suggested long ago (but in vain) by Miltiadis Evert.

At the same time many answers of the 27,000 cadres who make up the councils of the 2,000 party committees show the strong influence of K. Karamanlis and Georgios Rallis' views and practices on the questions of foreign policy and the democratic institutions.

All these views caused a great deal of thinking--according to TO VIMA's reliable information--in the party's central administration. The abandonment of old-line rightist views by the party's organized base is considered to be a result of the party's third defeat. According to the same assessments, the majority of the party's following at the grass roots level, although until now considered to be "more right-oriented than the leadership," seems to now be adjusting to certain necessary changes in their way of thinking (at least until the hoped-for electoral victory).

In the context of this thinking, the party leadership decided to avoid the publication of the poll results, and to advise the three main rapporteurs of the First Pre-Congress Conference for Makedonia-Thraki (which ended this evening in Salonica) to coordinate their reports and suggestions with the facts conveyed by the party poll.

Thus, among other things, in the report of Kostas Sapsalis, who is in charge of ideological matters, there will be a new basic principle that "the ND neoliberalism is not the unlimited liberalism of old but a dynamic, social and radical liberalism."

Also, in the report of A. Mimmis concerning the party charter, there will be the issue of having a direct election of the party leader by a representative body of parliamentary deputies and party cadres, and also the issue of giving new powers to the local party organizations.

Finally, the rapporteur on the Party Programme A. Vintzileos was advised (in spite of certain objections by Giannis Paleokrassas) to underline that in the future ND will favor the gradual (and not the immediate) freeing of the market place and of business transactions. With regard to the gradual freeing of interest rates, there is a provision to have as a counterweight the subsidy of certain loans (such as farm loans, etc.).

At the same time, the discussions in the nome assemblies and their replies indicate that Mitsotakis' negative and then imprecise position on ATA was a major political error. For this reason it was decided to say in the future that ND "will safeguard ATA as a minimum guarantee" for the adjustment in compensation of the working people, and without subtracting "imported inflation." Moreover, the working people will be allowed to seek the increase of their income--above the ATA--through collective agreements in conjunction with productivity increases.

The collective responses of the 2,000 local, branch, and youth committees present special interests mainly with regard to ideological questions and the corresponding questions posed by the organizational committee headed by Miltiades Evert.

To the question, "how would you like to see ND," the overwhelming majority answered: "A party which defends the national independence and national interests," and also "a party which defends the interests of the broad popular strata." It further categorically rejects both as a point of view and as practical policy a party "which defends the traditional institutions and interests of certain social groups."

Also of interest is the priority given by the party cadres to the principles ND should defend, namely, national independence, personal liberties, popular sovereignty, social justice, parliamentary democracy, economic progress, quality of life and private initiative.

According to certain assessments by ND circles, this order of priorities indicates that the party cadres have been indirectly influenced by PASOK's ideological and political declarations, in the sense that they begin to give higher priority to political than to material benefits.

The same direction is shown by the priorities given by the cadres to the "characteristics of the person who believes in ND; which are given in the following sequence: moderate, creative, rationalist, sincere, democratic, progressive, and modern, while they reject conservative and centralist.

Another question--which caused many discussions when it became known--received responses contrary to those expected by Mitsotakis with regard to the "ideological upgrading" of the party.

The great majority of party cadres replied that the party ideology has been set since the Khalkiaiki Congress in May 1979 with then party leader K. Karamanlis. Most cadres rejected the view that the party ideology should be "clarified on the basis of the February 1985 Declaration" presented by Mitsotakis who had added the term "liberal" /to the party title/.

It is worth noting that as a second choice--after the 1979 Congress--many prefer the "1974 Declaration by Karamanlis, establishing the party," instead of the 1985 "ideological declaration" by Mitsotakis.

Quite interesting are the responses to two critically important issues--those which relate to the role of the state and the value of private initiative. Both caused much friction during the pre-electoral period between the followers of the "social state" (led by Miltiadis Evert) and the "neo-liberals" (with main spokesman, then chairman of the Election Committee St. Manos).

Most responses combine the answer "yes to economic progress" with a demand for "a social policy by the state." They argue that the modern state cannot remain indifferent to the conditions in the economy and market place, but instead it must regulate the rules. They prefer "less, but better government."

With regard to private initiative, most party cadres acknowledge its role and significance for economic development, but with a final criterion of Karamanlis' view that "the private initiative must develop when it benefits society as a whole."

In the sector of necessary economic and social priorities, the responses gave first priority to the fight against high prices, second to maintaining ATA and purchasing power of the working people, third to the improvement of public administration, fourth to the fight against unemployment, and then to the questions of social welfare and health. It should be noted that the replies to this questionnaire were given long before the government took the recent economic measures. One may argue that it was a mistake for Mitsotakis to raise unemployment as the major issue before the election considering that in Greece it has many unique features (hidden economy, family income, etc.).

In conclusion, the revealing data of the ND poll throughout the party structure--revealed today by TO VIMA--show that, at the political level, the overwhelming majority of ND cadres identifies modernization of the party with the "Karamanlis" and the "Neo-Karamanlis" views and not with some neo-liberal image which would give up entirely this tradition and its current development.

In such a case certain recent expressions with populist character (such as the effort to identify PASOK with...the economic oligarchy) and the insistence on claiming that the term liberal automatically means modernization, allow the conclusion that a deeper dissension is developing between the leadership and the party's organized base /cadres/.

Ideological Struggle Seen

Athens TO VIMA in Greek 1 Dec 85 p 2

/Article by I. K. Pretenderis: "The Neo-conservatives Strike Back..."/

/Text/ A tie between Konstandinos Karamanlis vs. Milton Freedman (at least this week). On Thursday, Stefanos Manos opened the "dance of the dolphins" /successors/ and brought the "liberal message" to 1,600 guests at the Inter-continental Hotel. On the following day M. Evert "got even" on behalf of the "Karamanlis group" in a speech at the Law School.

As is known, the situation is far from simple in the overall ideological patchwork of the New Democracy Party. For better or worse, the so-called neo-conservatives and the so-called neo-liberals at this moment constitute the only political viewpoints with some elementary structure within the ND. The logical effect: The "skirmishes" have already started between them even though for the time being they are limited to a decent exchange of arguments and criticisms.

The confrontation is not exclusively due to certain differing ideological trends of some leading cadres in the conservative camp. It also hides a certain element related to the "succession". In any event, it is not the first time that a "succession fight" is vested with ideological claims. We have the Rallis-Averof precedent.

In this case--and after the intermediate generation of successors K. Stefanopoulos and I. Boutos was pushed out--the torch has been passed to the younger ones. These younger people (possibly with the single exception of M. Evert who lately very carefully cultivates his leadership image), do not openly claim the leadership. Simply--from A. Andrianopoulos and St. Manos to St. Dimas and A. Samaras--they are trying to "take a position" and be ready to start when the moment for the race comes.

Of course they are not alone. Evert (who likes to call himself more and more a "Karamanlis pupil," is not alone in the circle of neo-conservatives (or Karamanlis followers, as they call themselves). Another member is I. Varvitsiotis who has not given up his leadership ambitions by any means, and who is also ready to join the battle under the "Politeia /Karamanlis/ standard."

Both Evert and Varvitsiotis are moving separately to gain influence among the party's rank and file (probably because in the Parliamentary Group they not only have friends but possibly they see themselves as the standard bearers of the Karamanlis popular message), and are accepting invitations to give speeches, write articles, and give interviews. Recently, they also appeared in the neo-conservative area of A. Papaligouras (it is allowed to make connections) who wrote a strong-worded article against neo-liberalism.

On their side, the neo-liberals appear to be more homogeneous as a group (with A. Andrianopoulos, St. Manos, V. Papageorgopoulos, L. Papadimitriou, St. Bletsas and with out-of-parliament cadres like I. Loulis) and have some autonomous organizational foundation (through the Movement for Multilateral Disarmament, Freedom and Security in Europe /KIPAEA/ and the Center for Political Research and Training /KPEE/ but so far lacking a leading personality.

The neo-conservatives blame the neo-liberals for the party's electoral defeat in June ("what they say does not sit well with the people") and the neo-liberal line (a Liberal New Democracy, cheap cars, tax deductions, to speak of the slogans) was defeated at the polls. "They smell too much like Reagan and the Association of Greek Manufacturers /SEV/," they say.

The neo-liberals reverse the blame and argue that ND was voted down as a conservative, not as a liberal party. They argue that "it is not enough to use the label." They accuse the neo-conservatives of learning nothing from their service in the opposition and they are incapable of adjusting ND's political "proposal" to today's and tomorrow's needs. "If we smell like Reagan and SEV, they smell like mothballs."

Between these two poles most of the other lonely "aspirants" and "potential successors" live. A. Kanellopoulos may cause friction within the Parliamentary Group during his term as Parliamentary Spokesman but, to be on the safe side, he has organized the Group of Friends of Athanasios Kanellopoulos (recently, in fact, the group organized a dinner in a tavern where he was given a medal by a club of professionals from Ileia).

I. Palaiokrassas is also moving in this intermediate area. He declares openly to be a Karamanlis follower, but he also accepts some of the views of the neo-liberals.

St. Dimas speaks of "social liberalism" and follows a careful policy of keeping equidistant from both ideological poles.

There are others, too. The "revolution of the corporals"--which came about with the election of the new Political Council--supplied several cadres to the "leadership baby boom" of ND, with A. Samaras and I. Kefalogiannis in the forefront. In spite of their emancipation--or possibly because of it--the "obscure" members of the "orphanage children's choir" (to quote Boutos) now voice their strong displeasure of Mitsotakis as they see the Political Council becoming increasingly more "decorative" without authority.

Mitsotakis summons them at will and usually the obscure members of the Political Council learn Mitsotakis' decisions, as in older days, from the newspapers.

The question is who will be the first to raise the flag of rebellion. A. Samaras indicates an intention to become the "tenor" in the choir, but he is not able to bring together all members of the pro-Averof wing, although Averof does not seem to hold any malice against Samaras for his temporary(?) affiliation with the Mitsotakis camp.

In all this, Mitsotakis plays his own balancing act, convinced that the proliferation of suitors will help him keep "Penelope" for himself. With tireless Byzantine intrigue, he creates many power centers with overlapping jurisdictions within ND, while he even promotes conflicts among them in order to play the role of the umpire.

Thus--in spite of the existence of an elected Political Council--Mitsotakis chose to accept the advice of I. Palaiokrassas and G. Panagiotopoulos with regard to the recent economic measures, while he has followed a similar tactic on other questions such as foreign policy, defense, and public order.

At the same time, the ND leader has formed a personal staff of undefined authority and informal powers, which includes G. Voukelatos (a Rallis follower) who "steals" certain powers from the party's Director General A. Bratakos (who is an Evert man) and P. Bakogiannis. No one seems to know the uses of this staff, except that it causes friction between the party deputies and cadres (the latest incident is the "clash" between Sofoulis and Bakogiannis over the...ideological question of the party's Congress!).

Mitsotakis, in his belief that the cutting up of successors in rival groups will help him keep the leadership post longer, has decided to "tighten the reins" (at least to the extent he can). So in a circular he asked that all articles written by party deputies and cadres, which may appear in the pro-government newspapers, must be submitted to him for clearance. The first "victim" was D. Nianias who was sent to the Disciplinary Council because he discovered...that ND is facing a crisis, and said so in two articles published in ELEVTHEROTYPIA.

Of course, it is not enough for Mitsotakis to issue circulars. He must also be able to implement them. Only 2 months ago, the party's Director General Bratakos issued a circular (of course, on orders from Mitsotakis) in which he prohibited the party deputies from any action outside their electoral districts. It also prohibited the local party organizations from inviting them. At that time there was fear that the "notables" who had been left out of the Political Council would become active on a nation-wide scale. Most of the deputies threw the circular in the wastebasket and prominent cadres such as Evert and Andrianopoulos showed no particular inclination to stop their appearances in various sections of the country.

This time, moreover, matters will be even more difficult for Mitsotakis. He will need, for instance, many hours of discussions to decide whether PLAYBOY is a pro-government or opposition magazine and therefore whether an article by Andrianopoulos published in it comes under the provisions of the new circular.

A strange situation exists since everyone in ND seems to ignore their leader: St. Manos did not even mention his name during his speech at the Intercontinental Hotel (Mitsotakis did not attend as he did last year), while Evert has forgotten his existence over the last several months in several interviews.

Mitsotakis, knowing they may ignore him but not pull the rug out from under his feet, tours the countryside from one pre-Congress conference to the next. Fortunately, the ND Youth Organization is left behind to remember "December" /1944/ and to invite us to Makrygiannis for marches. The poster shows a good looking young man carrying a Greek flag, cutting through barbed wire covered with...small red flags with the hammer and sickle. The neo-conservative and neo-liberal may come and go, but the nationalist kitch remains.

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CSO: 3521/58

POLITICAL GREECE

KYP DEMILITARIZATION, REORGANIZATION DISCUSSED

Athens PONDIKI in Greek 19 Dec 85 p 9

[Excerpts] Problems are occurring in the famous reorganization of the KYP [Central Intelligence Service], which will not take place before the first quarter of 1986 because the organization chart that has been prepared by the committees in charge of it includes a fundamental condition: the KYP's change into a civilian organization should be gradual and should be implemented in the stipulated length of time so as not to cause any disturbance!

The argument is centered on the length of time this period will take.

The military and, by extension, the leadership of the Ministry of National Defense insist that the KYP's demilitarization must be carried out in 10 (ten!!!) years, perhaps following the old adage "who knows what can happen within 10 years..." And what are the politicians saying? What is the view of Drosogiannis and the other competent officials?

However, opinions differ even among the KYP employees themselves:

Those holding degrees support an immediate change in regimen, since this would be in their interest: indeed, with the departure of the military, they would be called upon to fill the higher positions. The ME [expansion unknown] category employees, most of whom have been there a long time, would prefer that the military remain, but only in staff positions.

There is already a movement regarding the establishment of a union of employees holding graduate degrees. According to our information, a delegation of employees belonging to this category called on KYP chief Lt Gen G. Politis to inform him of this development.

During the meeting, the demilitarization issue was also mentioned. However, Lt Gen Politis professed ignorance, meaning, that is, that the issue will be solved at another level, and not by him or by any employees' union.

However, if the meeting did not produce any information on the demilitarization affair, it did shed light on an issue regarding Politis himself: he let it be understood that he may not be in his present position by next year. Who would replace him? A natural heir would be the much talked-about Air Force Brigadier Gen Filippos Makedos, who is KYP deputy director at this time. But it is not quite certain whether this...natural succession will work out...

Giannis Alexakis (yes, yes!), lieutenant colonel, is very strong in the KYP (and therefore, a candidate for the top job); instead of going home (not to say elsewhere!), he is still lording it over the "green" KYP!

It is possible that some official from an organization or some such position will be transferred to the KYP--and in such a case, the name bruited about is...Fanis Tombras, who is top man at OTE [Greek Telecommunications Organization] today!

(Enough about the KYP vicissitudes, at least for today...)

/8309
CSO: 3521/74

CONDITIONS ADVOCATED FOR EASING TENSIONS WITH TURKEY

Athens TO VIMA in Greek 17 Nov 85 p 5

/Article by Academician-Professor Angelos Th. Angelopoulos, "Mutual Armament Reductions Between Greece and Turkey--Is It Possible and Under What Conditions"?/

/Text/ Greece and Turkey are two neighboring countries belonging to the same alliance. In many areas, however, they have differences which they face in a hostile climate. On the contrary, logic dictates they should exist and live together peacefully in the interest of their people and also in the interest of peace in this region of the world.

The result of this feuding is an arms race, promoted primarily by Turkey, which also receives considerable military and economic aid from the U.S. Turkey is seeking to maintain her superiority over Greece and is perhaps aspiring to play some leading role in the Middle East.

Greece, as is known, has no territorial or other claims against Turkey and seeks only to preserve the treaty sanctioned territorial status quo. The situation is different in the case of Turkey which keeps on claiming Greek lands. A recent illustration is the occupation of 40 percent of Cyprus by the Turkish army, in spite of the quarantees for the republic's independence and territorial integrity given by Turkey, Greece, and Great Britain. This occupation continues despite the repeated contrary resolutions of the U.N.

Thus, Greece is the only NATO country facing the expansionist claims of another member of the same defensive alliance, and therefore obligated to spend additional sums for defense beyond its obligations toward NATO. It is strange that NATO, instead of intervening and giving full assurance that the borders of its members are inviolate, thus eliminating any disputes among them, remains instead a simple and indifferent observer in the face of such an internal dispute, although it knows the dispute disturbs the unity of the alliance.

Unfavorable Consequences

This military antagonism hurts the economic and social progress of both countries. Greece and Turkey spend approximately 7 percent of their income on defense while other countries, also NATO members, spend half as much. These heavy outlays for defense worsen the economic situation in both countries: inflation in Turkey is around 40 percent and in Greece 20 percent; unemployment increases; the balance of payments deficit is exceeding 2 billion dollars each year, while an external debt equals 40 percent of their national income. To service this debt they have to pay each year over 2 billion dollars--for interest and principal--and contract additional loans to pay for the previous ones. The result is that they sink deeper into debt with a heavy burden on their budget and their overall economy.

Thus, of all the NATO members, only Greece and Turkey have strong differences which lead them to a continuing military antagonism. One might say the two countries follow, on a smaller scale, the tactic of the two superpowers: they have an arms race in nuclear weapons and the two neighbors in conventional weapons.

But is it possible to continue this feud without leading to very unpleasant consequences for both countries and possibly to developments detrimental to both of them and peace in general? In the face of dangerous conflagration, if the two superpowers decide to discuss their differences in summit conferences on the possibility of reducing their military expenditures, why is it not logical to have the two neighboring countries do the same and reach an agreement for mutual reduction of their military expenditures and settlement of their differences?

Conditions and Obstacles

To reach such an agreement there must be certain conditions and certain obstacles must be overcome.

The first condition is that a way must be found to have a real guarantee of the inviolability of the borders of both countries--either by a superpower, both superpowers, NATO, or possibly the European Community. Of these alternatives, the most realistic and persuasive would be a guarantee by the U.S. which heads NATO. Such a guarantee would be in keeping with the Final Act of Helsinki.

Is such a guarantee feasible--which would have several favorable consequences for Greece, Turkey, the U.S. and NATO, and on the peace of the area in general--or is it utopian? In my view, two additional conditions must be present:

First: There must be a climate of detente between the two superpowers. If the coming meeting in Geneva between President Reagan and Soviet leader Gorbachov leads to positive results, as it is hoped by all peoples, then a favorable climate is created for a genuine improvement in the relations between Greece and Turkey.

Second: The U.S. must be willing to play an active role in the normalization of Greek-Turkish relations, by pressing Turkey--with which it has close relations in all sectors--to abandon its expansionist tendencies against Greece, because only then can a climate of confidence be developed--an indispensable condition for effective dialogue and cooperation between the two countries.

Favorable Consequences

A guarantee by the U.S. of the inviolability of the borders of both countries --of course it would be a blessing if the Soviet Union cosigned the guarantee--would bring a series of favorable consequences to both Greece and Turkey as well as for the U.S. and southeast Europe in general.

The most important among these consequences would be the following:

First: A freezing of Greek and Turkish military expenditures at the present levels, and then their gradual reduction down to the level of the other NATO members in comparison to their national income.

This reduction would result in the creation of significant revenues for both countries, which would be channeled to productive investments and social benefits so their economic development would move forward and unemployment would be effectively combatted.

Second: Specifically in Greece, such an American guarantee would have a significant psychological effect with the immediate elimination of the anti-American sentiment existing today, justifiably or not, in a large segment of the Greek people, and fruitful cooperation between Greece and the U.S. would be resumed in all sectors.

In such a case Greece--and in this I express a personal opinion--likely would not object to the extension of the stay of the American bases, without nuclear weapons, of course. The U.S. must understand the guarantee of Greek borders and the elimination of the Turkish threat is a basic condition for close and creative cooperation with Greece. The bases, especially the one in Crete, have such strategic significance that their stay warrants certain concessions on the part of the U.S.

Third: The two countries, Greece and Turkey, would be able to deal effectively with certain economic problems common to both such as, most urgently, the problem of foreign debt whose settlement constitutes a vital necessity for both. Indeed, in the next 5 years, both will be unable to pay three-fourths of their debt (because payment will become due) which means a sum exceeding 15 billion dollars for each country with a complete disorganization of their economies.

For this reason, as I have proposed elsewhere for all developing countries (see my study: The United States, the Debt Crisis and the World Economy, Praeger, New York, 1985), they must seek by common action a suspension of payments on principal for 5 years and then an extension of the deadline for payment. During the 5-year period the interest would be paid so the lenders would face no losses.

Such a 5-year grace period would eliminate the deficits in the balance of payments of both Greece and Turkey, which would otherwise be created. Such an arrangement would allow the two countries to move forward to a faster economic and social development.

The two countries may also try to deal by common action with problems that interest both. More specifically, it might be possible to settle the Cyprus question in common action, with the withdrawal of foreign troops, to preserve the independence and integrity of the island and the close cooperation of the two communities in all sectors.

Fourth: Such an arrangement in the relations between Greece and Turkey would contribute to the development of friendly relations between them and of creative cooperation such as the one inaugurated in the days of Venizelos and Kemal Ataturk.

If the two countries carefully evaluate the favorable effects--short- and long-term--of such cooperation and if they understand how dangerous the continuation of the current situation is because with every passing year it leads, among other things, to deterioration of their standard of living, then they must jointly seek from the U.S. a guarantee on the inviolability of their frontiers and to move in adopting a policy which would serve the interests of both countries.

Indeed, if Turkey wishes the restoration of friendly relations with Greece, as her political leaders recently declared, then it must positively aid such an arrangement.

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CSO: 3521/58

POLITICAL ITALY

PCI'S NATTA INTERVIEWED ON PRE-CONGRESS DEBATE

PM061651 Milan L'UNITA in Italian 5 Jan 86 pp 1, 18

[Interview with CPI Secretary General Alessandro Natta by Romano Ledda in Rome--date not given]

[Excerpt] Rome--[Ledda] The objection has been made that if we set our sights on an alternative government we cannot then propose broad coalition program governments.

[Natta] That reflects a way of thinking that is slow to die out. There must be an end to the practice of predetermined alignments whereby the possibility of agreement on what is to be done is regarded exclusively as something to be discussed later and of secondary importance. During the most recent government crisis we proposed another method and a specific program for a genuine exchange of ideas. We were not needed. The results are there to be seen by all. This is why it is essential to give priority to a real program debate without any prior establishment of inclusions or exclusions.

[Ledda] But this approach should also apply to an alternative process and government....

[Natta] This is undoubtedly so, from the viewpoint of program consistencies [coerenze programmatiche]. And indeed the demand for the alternative stems precisely from the fact that because of historical reasons and specific political factors there is a greater affinity of interests and objectives between certain forces than between others. That Socialists and Communists--despite their political differences and clashes--stem from the same mold and retain many unitary links is an evident and not coincidental fact: The contrary would be unnatural. We are well aware that Catholic-style solidarism, which has been and still is present within the DC to varying extents, is a characteristic peculiar to the Italian situation. Of course present attitudes seem to indicate the prevalence of stances far removed from such a tradition and from a quest such as that pursued by Moro. But that does not diminish--in fact it increases--our duty to exert pressure in connection with the program.

[Ledda] But it has been said that for this very reason there must be a greater clarification of the platform of a possible program government, for instance in the field of institutional reforms.

[Natta] A force such as ours must be precise on all points of its program and any government must have clear and sharply defined options in all fields of its action. Of course, we are all equally convinced of the importance of institutional matters, though in this connection it must be borne in mind that the foundations of the constitution, which stemmed from such a great and united people's struggle, must be kept quite solid. It must also be borne in mind that institutional reforms must not seem like a requirement of the alternative. They are a requirement of Italian democracy. In any case European experience shows that even with every different political and institutional systems the alternative can be very difficult for the left-wing forces since it is connected primarily with matters of approach and the substance of policy and programs.

[Ledda] You mentioned the European Left of which, according to the [Congress] theses, we are an integral part. This adjective has prompted some discussions....

[Natta] It is a further confirmation and consolidation of an option that we rightly made with Berlinguer. In any case it would be incomprehensible not to continue along this path if we want Europe--in a sense extending beyond the EC--to perform a positive role in the world both in international relations and in the struggle against Conservative trends.

[Ledda] Another controversial point lay in international issues--the assessment of Geneva, the innovation of establishing relations with the U.S. democratic forces, the reassertion of our stances toward the countries of "real socialism."

[Natta] That is too many questions at once. But there is what is only apparently a methodological point which could serve as the basis for the various answers required. We are experiencing an international situation in which categorical analyses, oversimplifications in terms of black and white, are not facilitating and are in fact hindering the perception of what is stirring and therefore hindering action. What about Geneva? Of course the U.S.-USSR dialogue and a new return to detente are intricate and difficult processes that will take time. But a clear awareness of the difficulties must not cause an attitude of suspicious skepticism or static caution. A major political force must be able to intervene, to contribute, and to excerpt pressure to ensure that the positive processes make headway. Our criticism of others is in fact based on their inabilty to pursue a dynamic policy.

[Ledda] The point has been made that you are not facing Reaganism and its policy with sufficient strength....

[Natta] The dangers of Reaganism must be seen and fought with strength, as our party has done and is doing. But it would be extremely shortsighted to reduce a great and complex situation like the U.S. situation to the current administration.

[Ledda] This brings us to the new quality of the theses on relations with the United States.

[Natta] No great political force can dodge this issue. In facing this problem we have drawn on the ideological tradition of a force like ours which has always striven to look at all realities without preconceptions. We have a duty to have a proper attitude on this great question precisely because we feel we are and indeed are a government force operating in Europe. And a proper attitude is one which can both voice criticism and seek positive solutions to the problems raised.

[Ledda] But there is also controversy about our positions on the countries which have "real socialism." The decision to refer to the previous congress' decisions has been described as "unexpected...."

[Natta] It would have been unexpected and serious if we have not referred to these theses. And it is unacceptably inaccurate to maintain that at that time we attacked the October Revolution and gave the verdict that it was exhausted. The reverse is true. We fully appreciated and appreciate the historical value of that extraordinary event. The verdict on the political and economic forms taken by that society and on the specific policies of the leadership groups is a different matter. A position of uncritical praise is wrong and does not serve any purpose or help anybody. Serious mistakes were made and it was right to condemn them. Without far-reaching reforms these societies will be unable to make progress. It was greatly to Berlinguer's credit that he upheld these theses with strength and courage: The facts proved him and all of us right. We welcomed the arrival of a new leadership group which succeeded in launching an operation of open political readjustment and starting a process of more fundamental rethinking. Heaven help us if we had not been independent in our decisions and if we had maintained that independence.

/9599
CSO: 3528/51

KRASNAYA ZVEZDA ON NORWEGIAN MINISTER'S 'ANTI-SOVIET' STANCE

LD121335 Moscow TASS in English 1354 GMT 12 Jan 86

[Text] Moscow January 12 TASS-- KRASNAYA ZVEZDA characterizes the anti-Soviet allegations of Norwegian Defense Minister Sjaastad, voiced by him at the military society in Oslo, as an attempt to justify the open departure of the Norwegian Government from its obligations not to let foreign troops and nuclear weapons be deployed in the territory of the country.

Storage facilities for heavy armaments and technology have been built in Trondelag for a U.S. Marine brigade which is to be shipped to Norway in a "crisis situation." The newspaper FORSVARETS FORUM says that storage facilities for heavy armaments for the Canadian, British and Dutch contingents of the NATO backup force are going to be built 20 kilometers to the north of the Bardufoss Air Force Base.

The public has also learned facts indicating that American aircraft carrier task forces intended to deliver nuclear strikes at vital centers of the Soviet Union and other countries of the socialist community are going to be deployed off the Norwegian shores.

This was stated, in particular, by U.S. Admiral McDonald, supreme allied commander in the Atlantic.

NATO troops regularly stage maneuvres and exercises in Norwegian territory. For instance, on the day Sjaastad spoke at the military society, the Norwegian telegraph bureau announced that major NATO exercises, Anker Express-86, would be held in the north of the country in March.

But this escalation of war preparations, the newspaper continues, is viewed by Defense Minister Sjaastad as a measure "strengthening the basis for the further preservation by Norway of a low-tension profile in the north."

But in reality, KRASNAYA ZVEZDA stresses in conclusion, the expansion of NATO's militarist activities in the north of Europe that is being rationalized by the Norwegian defense minister poses a threat to the security of the peoples there and whips up tension in the region.

/12712
CSO: 3600/31

POLITICAL TURKEY

DENKTAS REPLY TO UN SECRETARY GENERAL

Istanbul CUMHURIYET in Turkish 3-4 Dec 85

[Text of TRNC President Rauf Denktas' letter to UN secretary general; date not given; passages enclosed in slantlines printed in boldface]

[3 Dec 85 pp 1, 10]

[Text] Introduction

Following the unsuccessful Cyprus summit convened on 17 January in New York between TRNC President Rauf Denktas and Spiros Kyprianou, leader of the Greek Cypriot administration, UN Secretary General Javier Perez de Cuellar continued his efforts to find a peaceful solution to the problem and, in consultation with the Greek Cypriot side only, prepared a second document which Denktas calls the "Consolidated Draft" and which is different from the one presented to the sides on 17 January. This document, which the Greek Cypriot side accepted but the Turkish Cypriot side rejected, was referred to by U.S. President Ronald Reagan last week in his Cyprus report to Congress, and the stance adopted by Reagan was interpreted by diplomatic observers in New York as a roundabout way of backing Kyprianou in the elections to be held this weekend in the Greek Cypriot sector. Yet, the Greek Cypriot opposition, headed on one hand by Glafkos Klerides, leader of the right-wing Democratic Rally, and on the other by the pro-Moscow AKEL, was incensed when Kyprianou rejected the document presented by Perez de Cuellar on 17 January, accusing him of causing an impasse in the Cyprus problem, and forced the elections being held next Sunday. In his letter to the UN secretary general, Rauf Denktas details the differences between the document (draft agreement) dated 27 November 1984 which formed the basis of the 17 January summit and the document dated 12 April 1985 which Perez de Cuellar drew up in contact only with the Greek Cypriot side. He then points out why the second document is unacceptable. Now when Kyprianou, who favors the 12 April 1985 document, is engaging political battle with the Greek Cypriot forces which favored accepting the 27 November document, Denktas' letter to Perez de Cuellar clarifies the current phase of the Cyprus problem.

Excellency,

I had informed you earlier that we had examined the differences between the document entitled "Draft Agreement on Cyprus" dated 12 April 1985 and the Draft Agreement presented at the 17 January 1985 summit conference and that I would forward to you our observations on this matter as soon as the new government was formed and I found the opportunity to discuss it with them.

It gives me pleasure to inform you that I have reached the position to present to you our views and observations on behalf of the Turkish Cypriot side, which has always striven with consistent good will to contribute constructively to your efforts within the framework of your duty.

However, I would like to discuss certain general aspects of our position in this regard before going into the details.

We, the Turkish Cypriot side, believe that the solution to the Cyprus problem may be found through negotiations to be held between the two sides on a basis of equality that you will oversee. We have proved, not just in word, but by our actions before the entire world, that we desire a just and lasting solution to the Cyprus problem. Indeed, world public opinion held Greece and the Greek Cypriot side responsible for the failure to conclude an agreement at the 17 January summit conference. There were certain valuable lessons for everyone in that outcome. Clearly, one side cannot be condemned to live in uncertainty for as long as the other side does not want a problem to be resolved. This was explicit in the Turkish Cypriot side's constructive attitude during the indirect talks.

The attitude and actions of the Greek Cypriots and Greece since the January summit have clearly shown that they do not sincerely desire the resolution of the Cyprus problem through the formation of a bizonal federal state based on the political equality of the two sides and that their long-term goal is to recreate the conditions that would lead to Greek annexation of the island. It has been the unchanging attitude of the Greek Cypriot side that the constitutional guarantees should be eliminated which have to do with the legislative and executive processes envisaged for the Turkish Cypriot side to prevent one of the two founding parties from imposing its will on the other. It is, in fact, now clear that their intention is to reduce to a minimum the safeguards that would protect the existence of the Turkish Cypriot side within a federal framework and a bizonal federal state, and their desire to phase out these guarantees over time. In other words, they are understood to be committed today to the very goals they had in mind when they signed the London and Zurich Agreements mutatis mutandis (the necessary changes having been made). Their goal is to have sovereignty over the island in every way, including the use of force. The steady increase in arms and strengthening of forces in southern Cyprus are sufficient proof. Under these circumstances, you must understand that we rightly doubt whether even the guarantees contained in the 27 November document are sufficient for us.

The Greek Cypriot leader Kiprianou has demonstrated in statements he has made both during the January summit and since that date an approach wholly inconsistent with the basic elements of the "Draft Agreement" which we had produced at the end of the indirect talks and which we accepted. The matter of real and effective guarantees is an absolute priority of Turkey's. It is of vital importance to the Turkish Cypriot people. Moreover, the insistence by both Mr Kiprianou and Mr Papandreou on the withdrawal of Turkish troops as a prior condition to a solution of the Cyprus problem is sabotaging your efforts and gives us the impression that the Greek Cypriot side has no desire at all to find a solution to the Cyprus problem.

Difference Between Two Documents

Following these general observations, I shall move on to a detailed breakdown of the differences, both procedural and substantive, between the 12 April 1985 and 27 November 1984 documents.

The "Draft Agreement" drawn up in light of the results of the indirect talks was intended to establish a fine balance between the interests of the Turkish Cypriot and Greek Cypriot sides. The fact that the document constitutes a "whole" was a guarantee intended to eliminate the possibility that the balance established with such care after 5 months of talks would be altered unilaterally. This vital feature of the "Draft Agreement" was clearly expressed in the 27 November document:

"The sides have reached agreement on the following matters which must be considered as a whole."

This matter was expressed also in the assurances you gave that not even so much as a comma could be changed in the document without the approval of both sides. For this reason, it was obvious that the addition of new elements to this document or the deletion or alteration of existing elements would destroy its intrinsic delicate balance. Such a situation would call for new efforts and would force the establishment of a new balance by way of mutual agreement.

It was clearly stressed in the reports dated 12 December 1984 and 2 February 1985 which we submitted to the Security Council that the document constituted "a whole." However, we noticed that a statement to the effect that the document constituted "a whole" did not appear in the report (S/17227/Add.1), dated 11 June 1985, which you presented to the Security Council.

The Turkish Cypriot side, having endorsed the principle that the document constituted "a whole" and with the understanding that the Greek Cypriot side would have the same attitude, accepted the document in full and in the form in which it was presented to the 17 January 1985 summit conference. However, the Greek Cypriot side did not want to accept the document without making changes and, therefore, it was not possible to reach agreement.

Under these circumstances, the need arose to start from scratch to agree on a new foundation for direct negotiations. The Turkish Cypriot side, in light of the lessons learned from the 17 January summit, informed Your Excellency that it would be appropriate for preparations aimed at resumption of direct talks to be made with patience, care and attention.

We fully believe that the efforts you have been making since the 17 January summit to find a solution to the situation which arose upon the Greek Cypriot side's rejection of the "Draft Agreement" are intended to advance toward finding a solution to the Cyprus problem. With a compelling desire that it be a support to us in this task, we have examined with good will and attention the document entitled "Cyprus Draft Agreement" and your views on procedure.

I would like to point out at the outset that we have noticed significant differences, both in procedure and substance, between this document and the 27 November document. What is more, the new draft document is the product of contacts and discussions which you had exclusively with the Greek Cypriot side. The 12 April 1985 document, for this reason, goes beyond consolidation of the 27 November 1984 document.

Deviations in Second Document

I must point out that the differences mentioned include basic deviations from the principles which the Turkish Cypriot people see as necessary conditions for ensuring a lasting peace on Cyprus. The large majority of basic differences between the 27 November 1984 document and the text of the new draft have to do with and impact upon these fundamental principles:

a) Equal political status of the two communities,
b) Bizonality,
c) The security of the Turkish Cypriot people,
d) Continuation of adequate and effective guarantees by Turkey, which we see as the guarantor of our right to live, our existence and our security,
e) The participation of the two peoples as politically equal units through equal input into legislative and executive decisions and the equal right to vote,
f) The framing and implementation of the "three freedoms" in a way that will offer no threat of any kind to the security of the Turkish Cypriot people; no tampering with the bizonal structure of the proposed federation,
g) Possession by the federal government of only those duties and powers which the federated states agree to grant it and having all other powers reside in the federated states.

The differences which we identified follow, listed for convenience in order by the paragraph in which they appear in the "consolidated draft":

I.(1) Paragraph 1.1(L):

In this paragraph, the statement "which is to be discussed as dependent upon international guarantees" following the word "security" was changed to read, "which is to be discussed as dependent also upon international agreements concerning Cyprus." Certainly there is no need in this context to avoid stressing once again the importance and necessity of placing the word "guarantees" plainly in the text. Moreover, the addition of the word "also" is, in our opinion, gratuitous.

(2) In the same paragraph, the phrase "(which comes under the area of federal responsibility)" appearing in parentheses after the word "security" implies that matters involving the police, courts, preservation of law and order, etc., would devolve upon the federated states. The Greek Cypriot side had agreed on this point during the intercommunal talks. The limitation of the federal state's powers as regards security to the aspects of this matter concerned with federal responsibility is of great importance.

The deletion of the parentheses surrounding this phrase in the "consolidated draft" will lead to erroneous interpretations. The phrase "which comes under the area of federal responsibility" in the 27 November document implies only "in the measure that it comes under the area of federal responsibility" and this is undoubtedly its meaning. Although it does not seem important at first glance, removal of the parentheses changes the meaning of the phrase to "because it comes under the area of federal responsibility" and for this reason may be understood as having expanded the federal government's duties in this area.

(3) Paragraph 1.2:

In the fifth paragraph of the "Introduction" section of the 27 November document, it is clearly stated that the "remaining powers" would reside in the federated states. This fundamental provision does not appear in the "consolidated draft." This important difference violates the spirit of the 27 November document and its characteristic of being "a whole."

Differences in Legal Procedures

(4) Paragraph 2.1:

/The provisions appearing in paragraph A of article 2 of the introduction to the 27 November document were added to this paragraph. This may appear at first glance to be a simple "consolidation" operation, but, actually, many elements have been compressed into this one important provision, and another provision, meanwhile, has been changed to differ from the outcome which would have been the original intent. Bearing in mind that the possibility for the Turkish Cypriot side to have equal influence with the Greek Cypriot administration in the legal process has been completely lifted as it were, this seems to be an attempt to create a new situation.

/Ten of the 12 powers and functions listed in the 27 November document, those appearing in the first paragraph, are described as "important problems."/

In the document which we presented to Your Excellency on 26 November 1984 and which was an important step forward, we proposed, based on past experience, that federal laws be passed by separate majorities in the two assemblies. As Turkish Cypriots, we saw how, based upon the Greek Cypriots' numerical majority on Cyprus, that if they were not checked by the Turkish Cypriots in the legislative organs, they would be able to pass laws unilaterally and, therefore, endanger our rights, our security and even our existence. We explained clearly to you and your staff the vital importance this matter holds for us and the need for the Greek Cypriots to be barred from imposing their own desires on the Turkish Cypriots.

The UN secretary general informed us during the talks that there was no need for separate majorities in federal functions such as veterinary services, setting standards and weights and measures patents (paragraphs (h) and (i) in the federal list) and that it would facilitate agreement if we would forgo the separate majority on these two functions. We were also told that the Turkish Cypriot 30-percent majority in the Senate would be sufficient to carry a vote in these two relatively unimportant functions and that, if there was mutual accommodation, the Greek Cypriots would not be able to impose their wishes on the Turkish Cypriots.

/The phrase "important problems such as the 10 functions in list 1" which appears in paragraph 2.A of the introduction/ can be interpreted in only one way:

The named 10 functions, regardless of any modification or qualification, are the important problems. Certainly, there is no doubt that the 10 functions listed in the first paragraph of the introduction to the 27 November document are important. Moreover, we were told that the 10 functions appearing on the federal list, excluding paragraphs (h) and (i), were the most "important problems" in the open contract concluded.

It is noticed that all of the guarantees provided the Turkish Cypriot sector in the 27 November document were removed during the rewriting of the text.

The rewritten text specifies that /a working group shall be formed to determine the degree of importance of the 10 out of 12 functions referred to above./ In the rewriting of the text, the description of the 10 functions referred to as "important problems" is converted to "certain problems" among these functions, although the working group to be formed may assess these 10 functions as "important problems." This is a fundamental and important change which will lead to the unilateral passage of laws in almost every area by the Greek Cypriots without effective participation by Turkish Cypriots. The important concessions by the Turkish Cypriot side on 27 November 1984 were made in the belief and faith that the letter of the document would be applied and that the Greek Cypriots would not pass any legislation unilaterally without the consent of the Turkish Cypriot side. The solution envisaged in the 27 November document was inspired by the rationale that, in the federation consisting of two separate and equal communities, all laws would be passed by common agreement between the founders.

(5) Paragraph 2.1:

As you pointed out in your letter of 16 April 1985, the provision in paragraph 2.A of the introduction is the one which envisages that, in the other problems, at least 30 percent of the Turkish Cypriots in the Senate would be needed to carry a vote. (The same provision applies to 2 of the 12 functions on the federal list. Separate votes are not necessary for these two functions, for instance.) The provision does not appear in the "consolidated draft." During the indirect talks and the intercommunal talks, we clearly pointed out that, depending on the exigencies of time and circumstance, any topic may become important for the security and well-being of the Turkish Cypriots. Yet, the consolidated draft makes it possible for the Greek Cypriots to pass laws and resolutions in the legislature even if the Turkish Cypriot members are unanimously opposed to these laws or resolutions.

The Turkish Cypriot side had insisted, in light of past experience, on the separate majority system in federal activities. However, it later agreed during the indirect talks to be content with the minimum 30 percent of Turkish Cypriot members in the Senate for a favorable vote in only two of the 12 functions appearing on the federal list, that is, in paragraphs (h) and (i) of the first paragraph of the 27 November document. In addition, the removal of any one of the elements in the "draft agreement" violates the "wholeness" of the draft.

(6) Paragraph 2.2:

This paragraph speaks of constitutional guarantees against the unconstitutionality of a law passed by the legislature and discrimination against another community and mentions a "trouble-shooting mechanism" to invoke to prevent an impasse in the legislature.

The decisions of the Constitutional Court, which will rule on whether a law or resolution passed by the legislature is unconstitutional or discriminatory, are accepted as final. At the same time, just like the "trouble shooting mechanism," the formation of a "compromise committee," the legislative process and the referendum decision are also accepted.

The preparation of the 27 November document and the process of our contacts related to the document itself clearly reveal that the role of the Constitutional Court is a purely legal role. The letter which we presented to Your Excellency on 27 November 1984 envisages the ability of both sides to appeal to the Constitutional Court in cases of unconstitutional or discriminatory laws and the lodging of this appeal after the legislature passes the law. This view is shared also by the secretariat general.

In connection with the role of the Constitutional Court, this second provision of paragraph 2.2 of the "consolidated draft," as stated many times therein, coincides with the notion that the Constitutional Court is an organ of the law. This view of the function of the Constitutional Court was guaranteed by the agreement reached on 27 November 1984 within this framework.

Likewise, the composition and function of the compromise committee, the provision on referendums and the trouble-shooting mechanism conform to the 27 November decisions.

Nevertheless, it is seen in the penultimate provision of the paragraph in question in the "consolidated draft" that a nonspecific function is assigned and the legislature's trouble-shooting function is turned over to the Constitutional Court before laws are passed. We find this difficult to understand and inconsistent with the functions of the Constitutional Court as accepted. Members of the legislature may oppose bills for many reasons, not just because they are unconstitutional or discriminatory. The Constitutional Court cannot be permitted the inconsistencies which arise from the political exigencies of the legislature's members. The Constitutional Court exists as "a constitutional guarantor" and cannot be viewed as a "troubleshooting mechanism," which is a political mechanism.

(7) Paragraph 3.1:

We perceive the words "in addition to this" added to the first and second sentences of paragraph 3 of the 27 November document as a concrete change which could completely alter the meaning of the paragraph.

Vice Presidency, Foreign Ministry

(8) Paragraph 3.2:

The sentence beginning "1960 Constitution" which appears in paragraph 1.A of the introdution to the 27 November document was used in order to stress that the vice presidential right of veto had been expanded as compared to the 1960 Constitution. Backing up this sentence, articles 50 and 57 of the 1960 Constitution, which explain resolutions and laws by the legislature, resolutions by the council of ministers and the veto right of the vice president, were expanded in the new constitution.

Nevertheless, paragraph 3.2 headed "Consolidated Draft" explains that the presidential and vice presidential right to veto is limited only by the legislature. This also implies that this right of veto was expanded in comparison with the 1960 Constitution. The veto right of the council of ministers is not included in the paragraph headed "Consolidated Draft." In our view, this is an important omission.

Moreover, this must be noted also, that throughout development of the 27 November document the veto right was limited so as to include only the functions of the legislature and, in this way, the "plus" sign was implicitly changed to a "minus" sign. The new statement implies going back even further than the 1960 Constitution. This change conflicts with the open contract given us on this matter.

The presidential and vice presidential right of review of laws and resolutions as explained in paragraph 3.2 headed "Consolidated Draft" applies to laws and resolutions adopted by both the legislature and the council of ministers. This situation makes the obvious omission in the provision on the veto right even more suspect.

(9) Paragraph 3.3:

A provision concerning a "weighted vote" in the council of ministers favoring the Turkish Cypriot side appears in the first paragraph of the introduction to the 27 November document. The provision is this: The "weighted vote" is a simple majority in which the Turkish Cypriot side casts a single deciding vote. The obvious meaning of this provision was that decisions in the council of ministers would pass by a majority vote, but the one Turkish Cypriot minister could cast a favorable deciding vote. In any case, even though this important and basic provision has been completely left out, the rest of the draft resolution ought certainly to appear in the consolidated form. Instead, it was deemed adequate to make reference to this question, which introduces an exception to the weighted vote principle, at a procedural level only in a working group.

(10) Paragraph 3.3:

In this paragraph of the consolidated draft, it is pointed out that one minister will be Turkish Cypriot. In this context, we would like to present once again for your notice our position in the letter dated 26 November 1984. To wit:

"If one community receives the presidency, the other community shall receive the foreign ministry." Entrusting one large ministry to the Turkish Cypriots was envisaged even in the 1960 Constitution. As you well know, just as this decision was not sufficient for a Turkish Cypriot to assume leadership of the Foreign Ministry in practice, neither did it prevent the Greek Cypriots from portraying the state of Cyprus as a Greek Cypriot state only, in appearance and in deed, in foreign relations.

We would like to point out once more that the bicommunal structure of the future Federal Republic of Cyprus is fundamental and nonnegotiable. The bicommunal structure of the Federal Republic must find its expression both in substance and in form, and no room must be allowed for the state to be represented in the outside world in a one-sided way or for one community to be ignored and the other of the two communities on Cyprus to be represented exclusively.

It is not even necessary to point out that the agreement which made it possible for the presidency and the post of foreign minister to be held by the same community in the past led to abuse of the bicommunal structure of the state by that community.

While taking meaningful steps toward compromise for the purpose of facilitating Your Excellency's mediation iniatives and finding a peaceful solution, we have made our fundamental position most clear as regards the need for the Presidency and the Foreign Ministry to be held by different communities. Our legitimate desire in this regard was not fulfilled in the 27 November draft. The proposal now being made to have this topic discussed in the working group, meanwhile, adds nothing, because, it is not even necessary to say, we have not had the right to date and will not have the right in the future to bring the topic of the distribution of ministries and, in this context, certainly, the Foreign Ministry, to the working group agenda for discussion.

[4 Dec 85 p 8]

> [Text] Yesterday we published the first part of TRNC President Rauf Denktas' letter to UN Secretary General Javier Perez de Cuellar. The last part picks up today where yesterday's edition left off, beginning with Denktas' explanation of his view that if the presidency of the bicommunal Cyprus Republic whose establishment is being drafted, the other community must occupy the Ministry of Foreign Affairs:

In essence, this item is linked to a transformed composition of the presidency. The structure of the state requires that one community hold the presidency and the other, the foreign ministry. This is a political and logical necessity. On the other hand, there is no logical and organic tie between the "logical voting" principle (mentioned as a mandatory method in Council of Ministers meetings as specified in paragraph 1.A in the introduction to the November 27 document) and the problem of which community will be given the Foreign Ministry. The linking of the two subjects procedurally at one point in the talks does not alter the validity of this stance.

When the second paragraph of your letter, which you sent to us along with the consolidated draft by Mr Holger, is combined with paragraph 3.3 of that draft, it is made clear that, in exchange for placing a topic whose discussion is natural and unavoidable on the agenda of the working group, the Turkish Cypriot sector is expected to give up one of its most important rights and sit down to negotiate it with the other side. Since we have had the right since the very beginning and always will have the right [as published] to bring to the working group agenda the topic of letting the Turkish Cypriot side have the Foreign Ministry, we cannot be asked to give up an earned right, the guarantee of the weighted vote in the Council of Ministers and the weighted vote in the Senate, as set forth in paragraphs 1.A and 2.A in the introduction.

The "weighted vote" in the Council of Ministers and the Senate are principles to which the Turkish Cypriot sector ascribes great importance and which ensure their effective participation in the state administration.

Constitutional Court

(11) Paragraph 3.4:

The Constitutional Court, which ought to be a "constitutional guarantee," is shown in the relevant paragraph in the "consolidated draft" as a part of the "trouble-shooting mechanism." With respect for the constitutional and fundamental rights and freedoms and preservation of the supremacy of the law as the point of departure, the right must exist to appeal to the Constitutional Court decisions adopted by the Council of Ministers on grounds of violation of the constitution or discrimination. Moreover, this right of appeal must occur without regard to whether an impasse developed during Council of Ministers voting on the resolutions it has passed.

If the voting is deadlocked in the process of adopting a resolution in the Council of Ministers, as well as in the legislature, this would only show that the resolution was unconstitutional and discriminatory and was being adopted as the result of political and economic expediencies. The only way to overcome such an impasse is through mutual understanding and political compromise. The Constitutional Court is an organ of justice, not politics. Since the presidency of the Constitutional Court will be held by a judge from a third country, he cannot indulge political preferences or judge the political responsibilities of elected representatives of the two communities.

The term "guarantee" is usually perceived in the sense of protecting the society in the numerical minority against arbitrary decisions by the society in the numerical majority. This function, then, may be performed by the Constitutional Court.

Meanwhile, the "trouble-shooting" mechanism is intended to prevent difficulties that arise during the decision-making mechanism. In this framework, the "trouble-shooting mechanism" may be envisaged as a referendum. For this reason, the appropriate place to use the wording "in the event of an impasse" is in the second sentence of the paragraph on referendums, not the first sentence.

(12) Paragraph 4.1:

The thrust of this paragraph is the same as paragraph 4 of the 27 November document. In our contacts during the indirect talks, the secretary made it irrefutably clear to us at every level that the "tripartite body" mentioned here was the Constitutional Court. Even so, the word "argument" employed in this paragraph leaves no room for doubt that this is a judicial body.

Doubtless for this reason, provisions for the composition of this court appear only in this paragraph, even though reference is made to the Constitutional Court in numerous paragraphs.

Because the "tripartite body" referred to in this paragraph is the Constitutional Court, no need was felt to repeat elsewhere that this court would be composed of three members, one Turkish Cypriot, one Greek Cypriot and one non-Cypriot.

Since the term "Constitutional Court" is used plainly in the altered portions of the consolidated draft, it must have been deemed necessary to use this term, particularly in this paragraph, in order to prevent any misunderstanding.

(13) Paragraph 5.1:

That the federal state to be established on Cyprus is to be bizonal is a matter on which agreement was reached a long time ago. We have always made it clear to Your Excellency at every opportunity that we will not accept any arrangement which would deny this bizonal characteristic of the federal state, which would lead to the slow erosion of this characteristic or which regard and eroded hopes for securing a long-term peace on Cyprus. The most recent and incontrobertible stance by the Greek government in this regard was taken by Mr Papandreou on 23 July 1985. Papandreou said on this date that Greece could never accept a solution encompassing the presence of a single Turkish soldier on Cyprus. The Greek Cypriot sector then pointed out that it shared the prime minister's views.

The Turkish Cypriots' lack of guarantees and the Greek Cypriots' taking advantage of this live on in the memory as leading to the Cyprus problem in the first place. Striving for an agreement encompassing the fundamental components of a just and lasting peace on Cyprus between the Turkish and Greek Cypriots seems to have come about only since the Turkish Cypriots achieved security. In order that the federal state may exist in the future, it is necessary that the Turkish Cypriots feel themselves to be completely secure and that their guarantees, in fact, be in place.

The Turkish Cypriot people will feel themselves secure and will be secure only under the effective guaranty of Turkey.

The problem of the withdrawal of armed forces from Cyprus is linked directly to the system of guarantees contained in the 1960 agreement which was signed by Turkey, Greece and Britain in addition to the island's two communities. It is impossible to resolve this problem exclusive of those three countries.

The Turkish Cypriot side can forgo neither the effective guarantee of Turkey nor the security provided by Turkish troops deployed on the island within the framework of a general agreement. The Greek Cypriot side's persisting in this, whether openly or in a veiled way, will hamper the search for a lasting solution from the outset.

Doors Open to Misinterpretation

(16) Paragraph 8.1:

The phrase "for the Turkish Cypriots" has been changed in the second sentence of this paragraph to "of the Turkish Cypriots." Although this seems to be a small change, in fact it narrows the scope of aid to be provided the Turkish Cypriots.

(17) Paragraph 12.1:

The wording of this paragraph was changed from that in the 27 November document. The difference here, unlike that in paragraph 10.1, is not just a matter of style. It would have been sufficient here to point out, as in the 27 November document, that "an adequate mechanism" would be established and that the two sides would decide together on the composition, procedure and terms of reference of this mechanism.

would cause its meaning to be lost. This being our position, it is most clear that we cannot accept any approach envisioning implementation in a way contrary to the letter and spirit of the "three freedoms" which appear in Guideline 3 of the 1977 Denktas-Makarios agreement and in paragraph 5 of the 27 November document, which is based on this agreement. Such an approach would endanger the security of the Turkish Cypriots and destroy the bizonal character of the state. I would particularly like to re-emphasize the importance we ascribe to this point.

Our view is this, that the fundamental elements relating to the "three freedoms" spoken of in the third paragraph of the introduction to the 27 November document bear vital importance for us in that articles 13 and 23 relating to the same freedoms in the 1960 Cyprus Republic Constitution could not be implemented from this standpoint. All of them have been left out of the consolidated draft.

(14) Paragraph 6.1:

The "29+" (twenty-nine, plus) percentage in paragraph 4 of the introduction to the 27 November 1984 document is an expression of the agreement we reached with the UN secretary as regards the percentage of Federal Republic land belonging to the Turkish Cypriot sector, which, although falling between 29 percent and 30 percent, would be closer to 30 percent. The "29+" figure in the 27 November document records this agreement. In the third round of indirect talks, we had reached a unity of view with you on placing this land percentage in the introduction since Your Excellency had invited the two sides to present their final positions on this, not their negotiating positions as in all other areas.

There would be no need to state that the expression of territorial size in the "consolidated draft" as around 29 percent is quite different from the introduction to the 27 November document.

Turkey as Guarantor

(15) Paragraphs 7.1 and 7.2:

Your Excellency is quite well aware of the vital importance to the Turkish Cypriots of paragraph 7 in the 27 November document and paragraphs 7.1 and 7.2 in the consolidated draft. The intention of Greece and the Greek Cypriot sector is clearly expressed to eliminate Turkey's status as the effective guarantor of our fundamental safety and security on Cyprus. In the initial session of the first summit conference we held in New York on 17 January, Mr Kiprianou made no secret of his intentions as regards the withdrawal of Turkish units on the island and elimination of Turkey's status as guarantor. The notices which the Greek government and the Greek Cypriot sector have published and the statements they have made since the 17 January summit regarding guarantees and the withdrawal of foreign units and elements on the island by the Greek Government and the Greek Cypriot sector [as published] have demolished the principles on which agreement had been reached in this

(18) Paragraph 13.1:

It is stated in paragraph 13 of the 27 November document that working groups shall be formed "in light of political decisions adopted at the top level meeting." Yet, no mention is made of this in the "consolidated draft." It is clear that this omission gives rise to an important procedural difference.

The 27 November document has only a general provision (paragraph 13) stating that the "details of the said agreement" will be taken up in working groups. However, in addition to this general provision in the "consolidated draft" (paragraph 13.1), certain topics proposed for discussion in the working groups are specified (paragraphs 2.1, 3.3, 5.1, 6.1).

Rewriting the draft in this way leaves the door open to misinterpretation. For example, one might assume that certain important details of the proposed treaty could not be taken up in the working groups. It will be recalled that Mr Kiprianou insisted on the discussion of certain topics at the summit conference only. He could now base this claim on the new statement appearing in the "consolidated draft." For this reason, the treaty must clearly state that all details may be taken up in working groups.

Proposed Explanation

II. Now I would like to present our views on the "explanation" proposal of which you spoke in your letter of 12 April 1985.

The full text of the explanation has not been conveyed to us. Only certain elements of its contents were related orally to our representative in New York, Mr Ozer Koray, by our [as published: your?] deputy. The "explanation," in our opinion, does not stop at significant procedural changes and reversals; it departs from many aspects of the terms of the 27 November document and seriously jeopardizes these terms.

If a treaty were to be achieved as the result of new talks held on a foundation of equality, certainly it would be possible to make an official explanation in the sense that "the sides have accepted the treaty attached." This explanation could not incorporate any change in or divergence from the substance, spirit and letter of the treaty.

However, an explanation of the kind Your Excellency is understood to have in mind would be impossible for us to accept.

Clearly, the proposed explanation is under consideration by Your Excellency as an inseparable part of the treaty. In this case, no topic on which the two sides are not in full agreement can be included in the explanation. Moreover, if the explanation includes provisions on which the two sides have reached agreement, they must be clearly set forth in the treaty. In this case, it is understood that the explanation would cover certain provisions which the Greek Cypriot side does not wish to include in the treaty.

Reserving our right to express our views on the full text of the explanation when we receive it, we wish to set forth below our views on the elements of the explanation which were presented for our attention:

a) The aspect of the explanation dealing with "international personality" alters both the letter and spirit of the 27 November document and paragraph (c.1) of the "consolidated draft." This change is detrimental to the Turkish Cypriot side.

b) In connection with "other powers," there is no justifiable reason for deleting from the text of the 27 Novmeber document a precise provision on which agreement had been reached with the UN secretary and transferring it to the text of the proposed explanation.

If the explanation text is to be deemed as having the same status as a treaty, there is no need to relocate this provision. Conversely, if the explanation text is to be considered distinct from the treaty, changing the location of the provision on "other powers" is tantamount to a substantive change.

c) The sentence appearing in the explanation which implies that territorial quality must be discussed and that the wording of "article 6(1)" reflects the percentage designated in the preliminary talks expresses the view which Mr Kiprianou advanced at the 17 January summit. This view is intended to repudiate the territorial agreement reached in the third round of the preliminary talks.

As I pointed out in paragraph 14, part I of this letter, we cannot accept any deviation intended to reduce the land percentage. The change incorporated into the explanation becomes even more grave when considered in light of the term "in the order of."

d) As for the guarantee clause of the explanation, such an explanation is both unfounded and uncalled for. The guarantor states are Turkey, Greece and the United Kingdom.

The Turkish Cypriot side has stated firmly that it can never accept the termination of Turkey's status as guarantor. The Turkish Cypriot side attended the 17 January summit with this understanding. The explanation opens the topic of guarantees to debate. This is a matter which the Turkish Cypriot side cannot accept.

e) The Turkish Cypriot side, given adequate guarantees, has not objected to drawing up a schedule for the withdrawal of non-Cypriot troops or the implementation of these arrangements following the formation of a provisional federal administration.

In light of the above considerations, it is impossible for us to accept the proposed explanation either procedurally or substantively.

Greek Cypriot Attitude

III. The importance we give to Your Excellency's loyalty to the principles "No change will be made in the text of the 27 November document without our approval" and "The draft agreement constitutes a whole" will be understood from our letter. We are sure, for this reason, that you will share the views and anxieties we have expressed in connection with the "consolidated draft."

As will be understood from the analyses and observations expressed above, we are dealing with a new text incorporating important and substantive changes, not a "draft agreement" corroborating the 27 November document. In fact, the Greek Cypriot side has not stopped at divulging these texts, which are supposed to be kept secret, but has informed the public on various occasions that we are dealing with a /new/ text very different from the 27 November document and incorporating changes favorable to the Greek Cypriot side.

In the first session of the summit conference on 17 January 1985, we both heard Mr Kiprianou's statements rejecting implementation of the fundamental concepts of the "draft agreement" such as "equal political status" of the two sides, "bizonality," "international guarantees," "security" and the "three freedoms" in such a way as not to harm the bizonality of the state in practice and the security of the Turkish Cypriot people. We regret to point out that Mr Kiprianou and other officials of the Greek Cypriot administration have continued since 17 January and particularly in recent weeks to make statements radically divergent from the terms and intent of the 27 November document.

As Your Excellency is well aware, an argument is in progress in the Greek Cypriot press over whether Mr Kiprianou did in fact accept the "consolidated draft" and considers it a starting point for negotiations. A Greek Cypriot administration spokesman refused to answer when asked about this.

Under these circumstances, I feel it necessary to state again, as I did in my letter of 4 May 1985, that I must know what the Greek Cypriot side accepted, how and in what measure they accepted it and whether they insist on their own interpretations and concepts of various aspects of the draft text.

Efforts Not in Vain

Excellency,

I have tried, as stated earlier, to summarize our views on the "consolidated draft" in the preceding pages. I am ready to resume contacts in this regard. Your special representative has informed me that you are seeking an opportunity for us to meet. I shall certainly be happy to meet with you at a mutually agreeable time and place. I reserve the right to present, in light of the views I have set forth briefly above and any information and views which may come from you, other proposals which we may have.

We, the Turkish Cypriot side, sincerely desire the procurement of lasting peace on Cyprus. We believe that the two peoples of Cyprus, whose possession of a common right as equal founders in the political structure of Cyprus cannot be denied, will be able to come together under a federal roof with equal political rights and are able to live side by side in peace and security on a bizonal geographical foundation. We reiterate our view that this goal may be achieved through direct talks to be held under the aegis of the secretary general within the framework of UN Security Council Resolution 367 of 12 March 1975.

In addition, I would like to assure you that your efforts over a long period of time, first as special representative, then as deputy secretary general and now as secretary general, to find a negotiated solution to the Cyprus problem have not been in vain. I believe that a sound foundation has been laid on which to build the Federal Republic of Cyprus of the future thanks to these efforts.

Finally, I would like to point out once again that we will continue in the future as we have to date to support you in your duty and good will initiatives.

I wish Your Excellency success in all your endeavors.

Excellency, please accept my regards,

Rauf R. Denktas

President

> Correction and Apology: In the part published in yesterday's newspaper of TFSC President Rauf Denktas' letter to UN Secretary General Perez de Cuellar, the term "bizonal" was printed as "biregional." The Turkish Cypriot side has long advocated the need for the federal republic to have a bizonal foundation and has rejected a biregional basis. We regret the error. [Correction made in text.]

8349
CSO: 3554/25

MILITARY DENMARK

FORMER MINISTER, AIR COMMANDER WARN OF PILOT DRAIN

Ground Crews Also Leaving

Copenhagen AKTUELT in Danish 16 Dec 85 p 5

> [Text] Copenhagen: Former Defense Minister Poul Sogaard (Social Democrat) has demanded in a letter to Defense Minister Hans Engell (Conservative) that the personnel drain from the Danish Air Force be discussed in the special eleven-man committee that is complying with the defense agreement of 1984.

The problem is unfortunately not just the acute and continually rising pilot drain, but also an increasing lack of flight technicians. The normal departure of technicians is 20-40 a year from all the air bases, but 50 technicians left Vaerlose Air Base alone in the period from January 1984 to September 1985. For the most part they went to private firms that can offer higher wages, Sogaard said. Many firms in Jutland are advertising eagerly for personnel trained as air force technicians. Of 600 applicants for a series of positions in Dong, 200 were selected to be interviewed. Among these 200 were all the applicants from the air force technicians group.

Sogaard says that it is to a great extent the wage difference that is important. "We know, among other things, that the wage difference in the basic pay for a flight mechanic in the military and in a civilian airlines company is about 30,000 kroner a year. This will undermine preparedness, and the question must therefore be addressed," Sogaard said.

As a solution he proposes that the resources for the basic training of new personnel be used to keep the experienced personnel. He also recommends a better adaptation of worktime rules and a solution through negotiations with personnel organizations.

Plane Maintenance Already Problem

Copenhagen AKTUELT in Danish 19 Dec 85 p 25

[Article by Berit Andersen]

[Text] The defense staff now fears that the flight of technicians to private industry, where the wages are much higher, will soon cost human life.

"There are already problems now in maintaining aircraft because of a lack of technicians. And dispensations are being granted to such a degree that it is becoming indefensible. Where is the limit? Does an aircraft have to go down and kill people before the responsible politicians wake up?" Finn Busse, president of the Central Association of Regular Personnel (CS), said. CS has organized 10,000 employees contracted for the Danish defense forces.

For some time, the focus has been on the 20 pilots who are leaving the air force for SAS, where wages are much higher. But they are just the tip of the iceberg, the Central Association for Regular Personnel says. For the drain of technicians is much greater. It includes special flight mechanics and electronic technicians who can make up to 50,000 kroner a year more in private industry than in defense.

The Association expects that about 100 technicians will leave this year. This is twice what one has seen up to now and twice the number being trained. And if immediate measures are not taken to keep technicians, preparedness cannot be maintained.

Retention

CS believes that to keep technicians one must first of all attain a wage situation that can compete with private industry. And they have told Defense Minister Hans Engell that they want to take part in the discussion of this. "We have suggested, among other things, a redistribution of the existing resources in such a way that some of the large amount of money the Defense Department uses for the basic training of personnel be converted to higher wages for the trained and experienced personnel," Henning Wittus, president of the Sergeants' Union, said.

They have also suggested a change in the administration of worktime regulations, and, as something quite different, a new system of grades in which privates, for example, would be called flight specialists. CS believes this will make it more attractive to be in the defense forces.

The defense minister has not reacted at all to these appeals. The Central Association has therefore gotten former Defense Minister Poul Sogaard (Social Democrat) to go on the offensive and demand that the personnel drain be taken up in the eleven-man committee.

"The consequence of what is happening at this moment is an undermining of preparedness, because nothing is being done to keep personnel. Hans Engell bears the responsibility for this. Here he is doing something that is much worse than Social Democratic footnotes and agenda resolutions that are making NATO lose confidence in the Danish defense forces. Hans Engell is about to break the defense agreement and can very well be risking NATO's loss of confidence in his and the nonsocialist government's defense policy," Finn Busse said.

Long Periods of Education

The Central Association of Regular Personnel complains that the defense minister still does not want to recognize the problem of the increasing drain of technicians and the resulting risk to human life. "We cannot, as the minister claims, educate ourselves out of the problem. On the one hand the drain is constantly increasing. On the other hand we will lose within the next ten years 600 because of age alone. And we can also have recruiting problems when the numerically low youthful age groups begin to mature and serious competition for youth begins, Finn Busse and Henning Wittus pointed out.

Defense Chief Worried

The newly appointed defense chief, Admiral S.E. Thiede, is worried about the increasing drain of personnel from all three branches. He points out that the public sector as a totality cannot compete in wages. He will try to hold the number of regular personnel at the present level. He said to the latest issue of the magazine, STAMPERSONEL, that "we will retain our people and make it attractive to be employed in defense. I have no patent solution, but this is quite clearly a problem we must solve in cooperation with the personnel organizations."

F-16 Pilots to SAS

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jan 86 p 3

[Article by Nils Eric Boesgaard]

> [Text] The commander of Skrydstrup Air Base, Colonel O.W. Jensen, expects a large drop in F-16 pilots, who are being lured away by the high wages of airline companies.

"We understand very well those who are leaving. To each his own," the commander of Skrydstrup Air Base, Colonel O.W. Jensen, said yesterday in a New Year's speech. In a speech to the base's assembled personnel, the colonel talked about the crisis that is threatens the Danish Air Force if the civilian airline companies with SAS at the head get the opportunity to hire such a large percentage of the air force jet pilots that at least one squadron of F-16 aircraft will be unmanned.

"SAS' need for an increase of pilots in coming years shows that the society is facing a very serious lack of experienced professional pilots. The government's general attempt to hold down wages in the public sector will make it impossible to improve the position of the air force pilots so that competition with the civilian economy will be possible. A struggle will arise that the air force will inevitably lose," Colonel Jensen said.

"Of course the situation is serious, but the matter is being dealt with now at a high level, and therefore I do not wish to say much at all about it," the commander of the Air Force Tactical Command, Major General C.S. Borgesen, said to BERLINGSKE TIDENDE.

A Ten-Year Commitment

"Obviously we cannot prevent the pilots from leaving. This would, as far as I know, require an enabling act similar to the one we had shortly after the war, whereby one could retain people. One cannot do this today.

"The pilots commit themselves to remain in the air force for ten years. After this, they become ordinary civil servants who can seek discharge on an equal footing with all the rest."

Major General Borgesen knows nothing of an official NATO criticism of pilot departure from the Danish Air Force such as has been discussed in the Danish press.

"Since Airbaltap, the headquarters of the NATO Baltic Sea Air Command, lies just across the road from Karup Air Base, and since we know them very well, we talk about it, and obviously they are just as much influenced by the situation as we others are, but these remarks are the only ones I have heard from NATO," the major general said.

Borgesen added that the drain is not just a Danish phenomenon. "We know it from Norway and Sweden, and the American Air Force has a very large departure rate at present."

9124
CSO: 3613/51

ROLAND MISSILES TO PROTECT U.S., GERMAN BASES IN FRG

Paris LIBERATION in French 18 Dec 85 p 7

[Article by J.GL.: "Roland Missiles Seek U.S. Army Contract"]

[Text] Aerospatiale is certainly not reticent where triumphant announcements are concerned. Indeed, for the third time in 3 years, that French aerospace manufacturer has crowed over the same Roland short-range--6.3 kilometer--surface-to-air missile system contract for the sale of 115 fire units and some 4,000 missiles valued at $700 million. These air defense systems, designed to protect German and USAF bases in the FRG, are produced by the Euromissile consortium, an economic interest group (GIE) consisting of West Germany's Messerschmitt-Boelkow-Blohm (MBB) and France's Aerospatiale. The first documents relative to this conttact were signed on 6 December 1983. A second pertinent agreement was signed on 12 July 1984 covering, this time, the financial terms and conditions of the contract.

The finishing touch which has just been made to this contract is, therefore, merely a confirmation. Under the terms of the U.S.-German agreement, the FRG will man, operate, and support the Roland fire units during the missile system's entire service life (life cycle cost contract). In exchange, the United States will provide and deploy the medium-range Patriot surface-to-air missile systems designed to complement the Roland units.

Euromissile officials hope that this first successful sale will enable Roland to contribute in the next few months to equipping the U.S. Army which is seeking a new battlefield air defense system. This will not be Roland's first attempt to penetrate the American market. In 1975, the U.S. Army conducted competition designed to determine what missile system was most capable of protecting its ground forces against massive air attacks. Roland won this competition against such rivals as Thomson's Crotale system, British Aerospace's Rapier system, and Ford Aerospace's Chapparal system. Boeing and Hughes were then assigned the task of "Americanizing" the Roland system by adapting it to national standards, but the experiment ended in failure. After spending $1 billion, U.S. military authorities purchased merely 31 Roland fire units and assigned them to the Rapid Deployment Force stationed in New Mexico.

The all-weather version of the Roland currently marketed by Euromissile is to be succeeded soon by the upgraded Roland 3 version with increased interception range. But Aerospatiale is also currently studying a new-design missile, the Aster, which will be able to engage helicopters as well as fixed-wing aircraft. This missile will no longer be steered by movable ailerons but by side-mounted gas jets enabling the missile to react with extreme rapidity.

If the decision to initiate development of the Aster is made, in a year or sooner, this new missile could be deployed by both ground forces and naval forces by means of adaptable propulsion modules. Aerospatiale and MBB are also jointly developing the Mach 2 ANS (supersonic antiship missile), planned as successor to the Exocet system. Furthermore, Aerospatiale has formed another GIE with its German partners and British Aerospace. In the next few years, this new consortium, Euromissile Dynamics Group, will produce advanced tactical missiles designed to replace the HOT and Milan [antitank] missiles currently manufactured by Euromissile.

8041/9869
CSO: 3519/82

MILITARY FRANCE

DASSAULT UNVEILS RAFALE PROTOTYPE, PLANS MIRAGE 4000

Paris LES ECHOS in French 16 Dec 85 p 11

[Article by A.-E.R.: "Dassault Revives Mirage 4000 Program"]

[Text] Had the French Government actually wished to display a certain aloofness toward Dassault it would not have acted differently. The fact is that no cabinet minister attended Saturday's unveiling in Saint Cloud of the Rafale demonstrator aircraft, the prototype of France's new-generation fighters. Even the general delegate for armament, detained in London, was represented by his assistant.

Despite the large part played by the government at all levels of the Dassault company and in its programs--Rafale was financed in 1985 with 800 million francs in company funds and 410 million in public funds--Dassault officials, as is their custom, reaffirmed, at this unveiling of their 92d prototype, their own efficient but solitary modus operandi.

Marcel Dassault, the first speaker, said that the Rafale will be "the world aircraft" and will "probably be ordered by foreigners before it is ordered by France." In an effort to refurbish the company image, Bruno Revellin-Falcoz, Dassault-Breguet's senior vice president for engineering, cited the company's tradition of cooperation and confirmed that "contacts have been made with European countries that might desire to participate in the Rafale project." At the present time, those countries are the Netherlands, Belgium, and Sweden.

Revellin-Falcoz also described most of the aircraft's technical characteristics which are indeed impressive. However, he made only a slight passing reference to such more confidential aspects as the hardening of the aircraft against nuclear and electronic warfare, and the reduction of its radar, optical, and infrared signatures. It is obvious that Dassault has once again demonstrated that it is still in the forefront of fighter aircraft research and development.

But the man who actually continues to be the company's real boss, also emphasized the relative youth of the teams that designed this aircraft. The average age of key personnel in certain divisions is under 35. This was Marcel Dassault's allusive way of showing that his company already has the manpower qualified to relieve the "Old Guard."

Dassault-Breguet, which succeeded in upsetting the European Fighter Aircraft (EFA) project, remains true, whether it be private or nationalized, to its lifelong strategy of single-handedly taking the technological initiative and creating a fait accompli. In fact, the Rafale fighter demonstrator aircraft was completed in accelerated fashion and unveiled 6 months earlier than planned, thereby taking possession of what may be called shifting ground.

But Dassault-Breguet has other eggs in its basket. For instance, the company, without referring the matter to its ministerial control authority, has made the decision to build the prototype of a new Mirage 4000 fighter to be armed with Mirage 2000 weapon systems. Company officials felt that to compete with the multinational--English-German-Italian-Spanish--EFA, the Dassault line had to include a heavy twin-jet fighter aircraft. Hence, the company is now offering the Mirage 4000 to its principal customers.

In any event, Dassault officials frankly expressed their total opposition to U.S. proposals of transatlantic cooperation in the production of combat aircraft. A senior company official contended that such cooperation would mean that "we would no longer be able to sell a single aircraft for export." He added that he could not imagine France accepting such proposals: "Francois Mitterrand did not clearly express his reservation about the far-off Strategic Defense Initiative only to now turn about and hand us over to our major competitors".

Admittedly, the Rafale demonstrator aircraft is powered by American engines--two General Electric F404 engines--but, here again, this is traditional. Dassault simply moved ahead more rapidly than its French engine supplier. There is no question, however, that the production version of the Rafale fighter will be powered by Snecma M88 engines.

8041/9869
CSO: 3519/82

MILITARY GREECE

PROMOTION OF PORT CORPS OFFICER PROVOKES OUTCRY

Athens I VRADYNI in Greek 23 Nov 85 pp 1, 3

/Text/ Commodore Aristides Papandreou, who until yesterday was the Piraeus Port Commander, has been promoted to rear admiral by the Government Council for Defense /KYSEA/ and has been appointed to the post of chief of the Port Corps.

He is the same man who, during the 7-year dictatorship, arrested the current PASOK Minister Sifis Valyrakis (who was then port commander in Kerkyra) and who has been accused even by the pro-PASOK newspapers of becoming an ardent follower of PASOK after its electoral victory in October 1981, although he was one of the most ardent supporters of the dictatorship.

The new chief of the Port Corps, who comes from the Merchant Marine, is considered to be the instigator of a provocative list of "democratic officers," which circulated last June. The officers included on the list "would be persecuted by ND if it won the election" according to PASOK propaganda at the time.

The new chief has stated in the past that he will implement any decisions of the political leadership and therefore it is considered certain he is not going to oppose the downgrading of the Port Corps as planned by the PASOK government.

Following the choice of Commodore Papandreou, his senior, Commodore G. Spartiotis, who was deputy chief of the Corps, was retired. Retired also were Commodores St. Lainis and Ag. Georgakopoulos.

After the retirement of the aforementioned officers, Captains Kh. Tsaroukhis, An. Dimarakis, Em. Faroupos and G. Vakopoulos were promoted to the rank of commodore.

Commodore Ka. Ndounis is considered most likely to become deputy chief of the Port Corps.

The remaining two captains are An. Tzanos, consular port commander in the U.S. and Ath. Morfopoulos, who were passed over. Captains St. Politakis and Kon. Papanastasiou follow in terms of seniority.
7520
CSO: 3521/58

MILITARY

NORWAY

COLUMNIST QUESTIONS VALUE OF PERMANENT U.S. NAVAL PRESENCE

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 2

[Op Ed Article by Arne Olav Brundtland: "U.S. Permanently in the Norwegian Sea?"]

> [Text] Arne Olav Brundtland of the Norwegian Foreign Policy Institute discusses important questions about the situation in the northern area. After the American Secretary of the Navy John Lehman came on an official visit to Norway a couple of years ago and briefed on his naval strategy of advanced, powerful and early inputs in the north, we have never really had the debate that we need as a nation. The Defense Committee brushed the idea aside in 1984 when it took the position on further expansion of the defense forces. But the problems are too important for us to avoid debating them for long. Developments can occur over which we can have little influence and even less understanding of in Norwegian politics.

Developments have demonstrated that the Norwegian Sea is a steadily becoming a more interesting ocean area. Last summer the Soviet naval exercise Sumarex-85 took place and in the fall the Western exercise Ocean Safari-85. Both were large exercises. Ocean Safari-85 was larger than previous exercises of the same series. Sumarex was noteworthy in that new and heavier ships were employed. But it did not represent any dramatic step up. With certain exceptions it was a repetition of the pattern of Soviet exercises since 1968. Nevertheless it was a powerful reminder of where we are on the map, and of Soviet naval interests in our area.

The development of the Soviet Northern Fleet is the most important reason for Norway's policy of advance storage. We do not want to risk being helpless behind forward Soviet naval positions. With advance storage in place we will be able to reduce the transit time of an American Marine infantry brigade from about 30 days for sea transport to about 30 hours for air transport. That gives greater flexibility in an eventual crisis situation. But allied inputs in Norway also assume resupply of different kinds by sea.

Sufficient?

The question of whether this is a sufficient security policy measure together with what we are doing besides to protect our airfields and other things was recently raised by Rear Admiral Jan Ingebrigtsen in AFTENPOSTEN (6/12). His reply was clearly no. In order to achieve sufficient security he clearly and directly raises the sensitive question of whether it is not in Norway's interest to urge our American allies to deploy parts of the Atlantic Fleet in the Norwegian Sea, preferably on a permanent basis. He believes we should do that. He also believes that we should in different ways, including more advance storage, create the proper conditions for such a new American role.

This is a bold idea which deserves attention. Ingebrigtsen admits besides that such deployment could lead to increased tension, contrary to traditional Norwegian desires. But he finds that we would gain increased security at a somewhat higher level of tension. That is better than if low tension results from turning these ocean areas over exclusively to the Soviets.

How Strong Are the Soviets?

I agree with Ingebrigtsen that it is not in Norway's interest that the Norwegian sea be turned over exclusively to the Soviet Navy. But it is hardly a question of that. In comparison with the American Navy, the Soviet Navy is not in the habit of permanent operations in large formations at sea. That causes a large number of problems for the Soviets. They have many more days in port. But Ingebrigtsen is undoubtedly correct in saying that they have a better starting position to reach the Norwegian Sea first, especially if NATO does not follow up and have this possibility in mind.

Low Tension

The traditional Norwegian low-tension concept does not assume that in peacetime there will be a regional military balance in the north. Still the low-tension policy assumes that the agreements Norway has with its allies about support in crisis or war are real. In that way there is the first security policy balance, which is a precondition for low tension.

When Ingebrigtsen began speaking of a permanent presence of parts of the American Atlantic Fleet in the north, he also said that the regional balance would be seen better from a NATO perspective. From a military viewpoint that can appear logical. But the question must also be judged from other viewpoints.

Antisubmarine Warfare

In the first place one should ask what concrete tasks the American Navy would have. Ingebrigtsen seems to assume antisubmarine warfare. That is a problem which has two sides. Is it possible in peacetime to increase antisubmarine capabilities northward without at the same time making the Soviets concerned about their own counterattack capability which is tied to submarines carrying long range nuclear missiles? In such a case would that not lead to powerful

Soviet countermeasures, as no superpower wants to have such a capability seriously threatened?

In the second place one should take into consideration the general possibility of a naval arms race in the north. An arms race can be necessary to attain a certain necessary minimum, but beyond that the advantages can rapidly decrease and stability weakened.

In the third place one should evaluate whether to demonstrate the ability to dam up the spread of Soviet submarines, thereby getting the Soviets to spread out in peacetime and creating a much more widespread and active pattern of surface ships and submarines than what would otherwise be the case.

I admit that the problems are complex and believe it would be an advantage to have a larger American presence.

But the issue should be discussed much more thoroughly before we follow Admiral Ingebrigtsen's recommendation and urge our American allies to make permanent naval deployments of parts of the Atlantic Fleet to the Norwegian Sea.

9287
CSO:3539/55

MILITARY SWEDEN

MINISTER, AIR FORCE COMMANDER FEUD OVER PERSONNEL SHORTAGE

Commander Cites Problem's Seriousness

Stockholm SVENSKA DAGBLADET in Swedish 9 Dec 85 p 7

[Article by Omar Magnergard]

[Text] A feud has broken out between defense leadership and Defense Minister Roine Carlsson on the personnel shortage in the armed forces.

"Unjustifiable," is what Air Force Commander Sven-Olof Olson thinks of the defense minister's statements on the question.

After a speech at the worker movement's peace forum Saturday, Roine Carlsson said in DAGENS EKO that he believed that the military leadership's latest statements on the personnel shortage in the defense forces had several causes:

"To some extent they feel the situation is serious, and to some extent they may perhaps want to point out to me the importance and function of personnel and the great and decisive importance of having all slots filled as was expected."

Not Acute

Carlsson does not want to call the statements by the military leadership tactics:

"I would rather see an increasing interest in personnel questions. But to say that the position is acute is perhaps too strongly put."

In the midst of Stockholm's supply command course ending and Christmas lunch at Frosunda on Sunday, Air Force Commander Sven-Olov Olson gave a sharp comment on what Carlsson said.

"Our new defense minister thinks that there is a new interest on the part of the supreme commander and us branch chiefs to begin to be anxious about personnel. Nothing could be more mistaken. Personnel is our most important resource in the armed forces. All supreme and branch commanders have realized this."

Indignant

The air force commander said to SVENSKA DAGBLADET that he was very indignant when he heard the defense minister on the radio. Not the least because Olson was recently himself in Carlsson's office and presented the defense personnel situation.

Olson also said that he was expressing himself on behalf of Supreme Commander Lennart Ljung (who is just now visiting our UN forces in the Middle East), Army Commander Erik Bengtsson, and Navy Commander Bengt Schuback.

Disappointed

"We were disappointed in the defense minister's statement. We will continue to strive to improve the situation among our personnel. The situation is acute not just among pilots and technicians in the three defense branches, but also among other specialists. The defense forces simply cannot compete in wages if immediate measures are not taken. We have an excellent training program, and this is a distinction that makes us proud. But training also makes our people attractive in the civilian market," Olson said.

Paper Dissatisfied with Carlsson

Stockholm SVENSKA DAGBLADET in Swedish 10 Dec 85 p 2

[Editorial: "No Success for Roine"]

[Text] Defense Minister Roine Carlsson was not a great success when he made his first real appearance in his new post over the weekend. In connection with a speech at the worker movement's peace forum, he downgraded the difficulties the Defense Department is now having in retaining qualified and vital personnel.

Since the military leadership considers the personnel drain to be the most acute problem in the defense forces -- a fact that also became evident at a press conference held by the supreme commander last week -- Carlsson invited an open conflict. The outspoken air force commander, Sven-Olof Olson, went on a direct counterattack. It is of course not the least in the air force that the departure of pilots and technicians can have direct and serious effects.

Nor did Carlsson otherwise give evidence at the worker movement's peace forum of any great understanding of the Swedish Defense Department's precarious situation after years of cutbacks and stagnating or hindering blows. He pointed to the tight economic situation and said that "We will not spend one krona more than waht is absolutely necessary."

Now the worker movement's peace forum is not the place where Social Democratic ministers choose to speak of the needs of the defense forces. Nevertheless, Carlsson's statements will certainly cause anxiety for the Social Democratic position in the coming defense decision. Especially since the defense minister seems to have a somewhat exaggerated idea of the striking power of the defense forces today. He said, among other things, that we have one of the best air forces in the world. His implied conclusion was that strong measures are therefore hardly necessary to improve the situation.

If the defense minister takes a look at the supreme commander's prospectus -- Supreme Commander 85 -- he will see a somewhat different picture. Right in the introduction the supreme commander writes, "The number of flying divisions has been cut in half. Training time in the air has been greatly reduced. We have shortages in electronic equipment and weapons in both attack and fighter units."

We certainly hope that Carlsson's continued studies in his new position, together with contacts other than the worker movement's peace forum, will open the defense minister's eyes for the Defense Department's great need for both personnel and material. The neutrality policy that the defense minister so warmly embraces certainly requires a halt to the weakening of the Swedish defense forces and a change to the opposite.

SAS Fears Pilot Shortage

Stockholm SVENSKA DAGBLADET in Swedish 10 Dec 85 p 6

[Article by Jan Thorsson]

> [Text] The pilot training school in Ljungbyhed will not achieve the required training of pilots next year. The government wants 60 civilian pilots trained. It is not clear how many there will be. It is clear that only 18 will be taken in in January against an expected 30.

There are many reasons why things have not gone according to plan. One reason is that the accomodations at F 5, where the training is to take place, are not complete.

Another, and perhaps the most important, is that there are not enough pilots. It is more difficult to understand why there is a shortage of instructors.

According to the head of the school, Leif Arkehag, the reason is delays in the negotiations between the leadership in SAS and the pilot's union.

According to Director Ulf Cederwall in SAS, the company will provide the instructors as soon as it knows how many there are to be. At the same time he says that there is a shortage of instructors because active pilots generally do not have permission from the flight authorities to be instructors. This requires a special certificate.

But Ulf Cederwall thinks that it is not right to blame SAS if there are fewer students this spring than planned.

"I have personally informed the SAS representatives on several occasions during the past six months of our need for pilots," Arkehag said.

First Lieutenant Arkehag also said that the school has had much too short a time to accomplish the new assignments. "We are to increase our capacity by 300 percent in a very short time. We cannot just say abacadabra. We don't even have enough aircraft without having to double the number from day three to six."

The pilot school in Ljungbyhed is supposed to train civilian pilots for Swedish need. The shortage of pilots will be noticed in the next few years when several hundred new ones will be needed.

At the same time, the question of a common Nordic school is being discussed. Cederwall in SAS says he has received no information on the discussions and on how the need for instructors will be cleared up there.

Both SAS and the pilot's union want the present training to be run by civilian authorities and not by the military as it is now.

9124
CSO: 3650/104

MILITARY SWEDEN

LANDSTING VIEWS CONTINGENCY PLANS FOR CAPTURED SUBMARINERS

Stockholm SVENSKA DAGBLADET in Swedish 12 Dec 85 p 7

[Article by Roger Magnergard]

> [Text] Soldiers guarding riot barriers in a hospital. Dentists looking for poison pills in teeth. Care of submarine crews with decompression sickness in guarded pressure chambers.

These are some of the points that the Landsting Central Catastrophe Committee in West Norrland is thinking about -- if the defense forces should be lucky enough to force up a foreign submarine.

"The defense forces are already improving. Therefore we must prepare ourselves mentally," the man behind the project, Romand Salomonsson of the Catastrophe Committee, explains.

After the submarine chases around our coasts in recent years, especially off Sundsvall, the Landsting has now felt the need of making a plan for medical care readiness if the military should get lucky.

Barriers in the Corridor

In the plan there are proposals for barriers around the critical reception areas -- in the hospital corridors. These barriers are to be guarded by the military to prevent attempts at escape and rescue.

"We must also prevent the public and the media from approaching the wounded crewmen. Then the hospital's normal activities must continue -- Swedes can also be wounded in a submarine chase, of course."

In his plan, Salomonsson does not rule out a military rescue attempt by foreign powers. This can warrant Swedish soldiers outside the hospital as well.

"Only wounded crewmen will be in the hospital. As soon as their condition allows, they will be isolated at a place decided upon by the military and/or the police."

Suicide Pills

In its plan, West Norrland's Landsting does not rule out the rapid necessity of dentists -- to look for poisonous suicide pills in the crewmen's teeth.

At the same time, strict secrecy will be imposed upon the hospital personnel. All information must be given out by the Landsting's information personnel.

Salomonsson does not think there will be any great risk that a forced up submarine crew will suffer decompression sickness. In submarines there is normal pressure. If a submarine is forced up quickly there should therefore be no problems.

"But to provide for all eventualities, there should be a plan to care for foreign seamen with decompression sickness in KA 5 pressure chambers -- under military guard.

Salomonsson has not heard whether other landstings have made similar plans. But he points out that they may exist -- "but perhaps they are secret plans."

According to the secret plan, all four hospitals in the state of West Norrland are to be ready to deal with foreign submarine crews.

9124
CSO: 3650/104

ECONOMIC DENMARK

SCHLUTER INTERVIEWED ON ECONOMIC POLICY PLANS FOR 1986

Copenhagen BERLINGSKE TIDENDE in Danish 29 Dec 85 Sect III p 1

[Interview by Carl Otto Brix: "We Are on Our Way Into the Economic Security Zone"]

[Text] Poul Schluter and Niels Helveg Petersen rejoice together at the results of the economic policy, but their opinions differ when asked about the most important political issues in 1986.

The Radical Liberal Party adopted a new style in dealing with the government's economic measures in December--the so-called Christmas package. Unlike what had been the case on numerous previous occasions, the party did not participate in the decision-making process as to the content of the package prior to its introduction in the Folketing. Indeed, the party only took action and had the bill changed after it had been introduced by the government. Despite this changed style, Prime Minister Poul Schluter and Niels Helveg Petersen are on good speaking terms. During the interview, they had afternoon tea together.

The prime movers in Danish politics, Poul Schluter and Niels Helveg Petersen rejoice together at the rising exchange rates and declining interest rate. This development may be read directly from the prime minister's computer screen, set up next to the working chair of the government chief, and they do not conceal the fact that the figures to them reflect the policy which they have endeavored to pursue and are still endeavoring to pursue together.

Since the four-leaf-clover government was entrusted with the government power in September of 1984, the Radical Liberal Party with its ten seats has been the stable and faithful support of the government. This was reflected in the fact that the party voted for the Christmas package--the adjustments which the government with stubborn optimism refers to as the intervention.

Prior to the election in January of 1984, an unheard-of thing happened: The Radical Liberal Party stated that it wanted Schluter, with his 43 Conservative seats, to continue as prime minister. And so he did.

Niels Helveg Petersen does not, however, want to say today that he will repeat the success of 1984 in the next elections to the Folketing. He wants to wait and see. The next elections to the Folketing will, after all, only take place in a couple of years. "Let us now have an entire election period of 4 years. It is long since we have had that, and the fact that we are not going to have an election until the latter part of the 4-year period is an advantage in itself."

The prime minister agrees with him. His goal is to wait with an election till the latter part of the year 1987.

[Carl Otto Brix] Would you prefer for that election to render the four-leaf clover independent of the Radical Liberal Party?

[Poul Schluter] I consider it an unrealistic idea that we four parties should be able to muster a majority together. Also in the future, it will be necessary to establish a cooperation among several parties in the Folketing, and the government is willing to enter into such cooperation. I am convinced that the government will be able to continue, for it has got results to prove its ability to govern and there will be even more before the election.

[Carl Otto Brix] The municipal elections did not point in that direction?

[Poul Schluter] The municipal elections provided beautiful support to the moderate, pragmatic Social Democratic mayors in the Danish provincial towns. But that is, after all, entirely different from the Social Democrats at Christiansborg [Danish Parliament]. The opinion polls that have been taken since the municipal elections do, indeed, show that the Social Democrats are unable to maintain the 36 percent of the vote they got on 19 November.

Historical Tradition for Holding the Balance

[Carl Otto Brix] Would you as prime minister have liked not having to depend upon the Radical Liberal Party?

[Poul Schluter] We must not forget--nor do we forget--that the Radical Liberals have different viewpoints in a number of areas. The cooperation, however, was the only way in which to carry on Danish politics. Please remember that the Social Democratic Party gave up and threw away its responsibility. The parties which have been working together seek results. If the cooperation had failed, the price would have been alarmingly high.

[Carl Otto Brix] Niels Helveg Petersen, is it not possible that one might come to feel a bit smug, knowing that the Radical Liberal votes will tip the scale?

[Niels Helveg Petersen] Of course, we are happy about ourselves, considering that we have got the best party. However, the position of holding the balance is not unfamiliar to the Radical Liberal Party. On the contrary, it is part of the party's history.

[Carl Otto Brix] Supposing that we disregard the security policy, would it then not have been much simpler if the Radical Liberal Party had participated in the coalition government?

[Niels Helveg Petersen] We were not asked, and if they had asked us, we would have declined. In order for us to participate in the government, a very comprehensive joint program would have had to be worked out, and that would take a long time. Actually, we achieve more by remaining outside the government. It is not attractive being entirely superfluous.

[Poul Schluter] We have never attempted to pressure the Radical Liberal Party. We probably would not have succeeded either. The party has undertaken its share in the responsibility, and we have achieved impressive results together. New jobs have been created, the unemployment rate among young people has dropped, and the deficit on the budget of the state has been reduced from 80 to 14 billion kroner. That is why foreigners talk about "the Danish miracle." We have solved the most difficult tasks and have put them behind us. We have achieved a new point of balance without destroying the welfare society and the social legislation.

[Carl Otto Brix] And you have made a tax reform, even with the support of the Social Democratic Party.

[Poul Schluter] The tax reform and the increase in real income form a good point of departure for the parties of the labor market to solve their collective bargaining problem themselves in the spring of 1987. We were not happy about carrying through the political intervention last spring. However, the stage has been set for less drama in 1986 than in the past year.

The Major Issues

[Carl Otto Brix] Everywhere, peace and no danger. Everybody is able to relax contentedly.

[Niels Helveg Petersen] It is not possible to create stability in a society without changing it. The tax reform is a good example of this. It is remarkable that the large majority of the Folketing is agreed on the policy of distribution. The reform also is a reflection of this.

[Carl Otto Brix] What will be the major issue in 1986?

[Niels Helveg Petersen] Profit sharing.

[Poul Schluter] The beginning of a pension reform.

[Carl Otto Brix] We have to go to the polls, said the prime minister, when there were signs of a majority being in favor of some form of profit sharing.

[Poul Schluter and Niels Helveg Petersen] Indeed, on this point, we really disagree.

[Niels Helveg Petersen] We want to supplement the incomes policy with coownership. We need that instrument in the economic policy.

[Poul Schluter] I oppose it because, at some point or other, it will lead to the formation of a centralized fund with a costly administration, and because it it not a question of a desire on the part of the people. It would be entirely wrong to carry through some form of profit sharing without parliamentary elections or a referendum. However, as yet, the majority of the parties do not agree on the way profit sharing should take place.

[Niels Helveg Petersen] In the opinion of the Radical Liberals, we do not need the Social Democratic model. Just look at Sweden as a frightening example. The wage-earner funds in that country have become a futile political issue and nothing else.

[Poul Schluter] I find it much more important to solve the pension problems existing for people who only have got their national pension to live on. That means, first and foremost, members of the Federation of Trade Unions. And I, moreover, quite like the American model where the pension funds purchase shares in the enterprises. That may also take place here, whereby the wage-earners will, actually, become owners of the enterprises.

[Niels Helveg Petersen] That does not solve the fundamental problem of industrial democracy. The outcome of it will be pension fund capitalism, and that does not remove the enormous distinction between employee and management. But allow me to add a couple of other important issues for 1986: the environment. We shall be forced to spend more fighting the pollution caused by industrialization. We have to pay the bill. Another issue is education. Reforms will have to be introduced, so that greater attention will be paid to those who are not academically gifted but have other capabilities--those who are musically talented or are good at working with their hands.

[Poul Schluter] I do not entirely agree with Niels on that. We have been busy solving an emormous task. We are now approaching the security zone. That provides us with freedom of movement to undertake other important tasks, such as the environment and education.

[Carl Otto Brix] What does that mean? That you appreciate each other?

[Niels Helveg Petersen] It has no bearing on the political content but probably on the climate of negotiations.

[Poul Schluter] I am always most delighted when, as in this case, I meet a political opponent whom I respect. That is among the pleasures of a more elevated kind in parliamentary life.

I do, indeed, also have a great respect for a man such as Gert Petersen of the Socialist People's Party--although I would not recommend him for the post of prime minister.

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ECONOMIC DENMARK

INDUSTRY GROUP CHAIRMAN SEES GOOD YEAR AHEAD

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jan 86 Sect II pp 1-2

[Article by Per Thygesen Poulsen]

[Text] Despite unavoidable compromises, the political course is the right one. We shall achieve balance in 1990 in our economy and employment, provided the politicians and industry adhere to the present line. The research efforts, however, will have to be intensified, the mobility increased and the educational sector will have to contribute to the retraining with a view to the future business community.

No other country in Europe is able to show such a high rate of economic growth as Denmark. A comparison with other countries shows that it is not merely a question of good fortune but that it is the consequence of the policy that has been pursued. That is why the Federation of Danish Industries is in a position to give the nonsocialist government good marks, even if, throughout the year, the Federation of Danish Industries has had to level criticism against the government when unavoidable compromises have caused the politicians to take one step backward after having taken two steps forward.

"The thing that is important for the Federation of Danish Industries is not which parties have the government power but the policy that is being pursued," Nils Wilhjelm, chairman of the Federation of Danish Industries, points out.

"Because of our role, the politicians are bound to find us more critical than we actually are. Our main conclusion for the last 2-3 years is that we are extremely satisfied with the policy that has been pursued. The developments within the trades and industries are good. Subject to a consistent continuation of the policy of recovery, we shall, by 1990, find that Denmark has largely restored the previous imbalance in its economy and employment, and that is the whole purpose."

Increase in Exports Continuing

The politicans are, actually, getting the increase in exports that they are looking for to cover our debt. And that increase will continue at an accelerated rate in 1986. In 1984, industrial exports increased by 9 percent in net volume, price increases not taken into consideration. The Federation of Danish Industries expects the actual increase to be between 5 and 6 percent in 1985. The reason is a loss of export in the amount of approximately 5 billion kroner during the labor conflict in the spring, coupled with the simultaneous moderate slowdown in some of our markets. The Federation of Danish Industries expects the volume of our industrial exports to increase by another 7 percent in 1986.

That also means that employment within the industrial sector will increase by 15-20,000 employees. And for every person to be employed within the industrial sector, another person or two will become employed within the service trade, as salesmen, within the industrial and commercial building sector, etc.

"We do not want to claim that we are the only ones who are helping the country along, but the industrial sector is quite clearly the most important feature in our efforts to solve our problems on the long view," Nils Wilhjelm points out.

At the same time, there has been an increase in imports, one of the reasons being very sharp increases in investments within the trades and industries. When the upswing began to gather momentum, there was unexploited capacity in the factories. They are now operating at 90-95 percent of rated capacity, which means that for each new krone for which goods have to be sold, additional investments will be required.

In 1984, investments increased by nearly 30 percent, in 1985 probably by nearly 35 percent, as a result of which investments in current prices have now doubled to 15-16 billion kroner annually. That is a very positive sign. Total subsidies, export credits and subsidies to shipyards included, amount to only 2 billion kroner, which is an extremely low level by international standards. Each krone that is being invested is, therefore, expected to bring home further proceeds, not by some centralized body or other but by the individual enterprise which invests its money itself.

Bottlenecks to Be Removed

Although considerable unemployment still exists, bottlenecks begin to appear which may slow down progress. It is not only in some of the particularly much-coveted trades but also geographically, where some areas already now are practically without unemployment. Here, politicians have to help making it easier to find employment within somewhat greater distances than has normally been the case.

The declining number of children shows that there will be an overcapacity and, therefore, unemployment within the educational sector unless a readjustment takes place. This might suitably be effected by way of participation in the retraining for future jobs within the trades and industries, which is a task that the educational sector would be able to handle by retraining itself.

Research is a neglected area. Political agreements on retrenchment programs lead to retrenchments which also affect areas which instead ought to have far greater funds at their disposal. Whereas we spend approximately 1 percent of our gross national product on research, other countries spend 2-3 times as much. The inherent risk of this is very great.

A greater deal of the too scanty research ought, moreover, to take place in areas which may result in an increase of the technological level of our trades and industries. The enterprises will, no doubt, be able to manage the very practical development of their products, but a country which owes 225 billion kroner abroad has to list its priorities in spending its scanty funds.

Danish Industry Becoming International

Through purchases of foreign enterprises, the establishment of subsidiary companies, license agreements, the sale of shares on foreign stock exchanges, Danish industry is rapidly becoming more international. At the same time, Denmark has regained its reputation as an industrial country, enabling us to attract foreign establishments to this country. It is a positive development which will reinforce the industrial sector of Denmark in an increasingly international market.

We are well on our way to solving our pollution problems. Our environment policy is unique in that it has been worked out in agreement with the industrial sector. And over a number of years, the rate of pollution of every kind has been declining.

"By international standards, Danish industrial enterprises are small or medium-sized. They are able to convert their production rapidly, and we have practially no enterprises left within the old heavy industry sector," Nils Wilhjelm points out.

The membership of the Federation of Danish Industries comprises all the largest enterprises in Denmark. However, the majority of the enterprises are small, and, on the average, the member enterprises have approximately 50 employees.

It is for these small enterprises that the Danish industrial policy is being pursued. They are the ones for whom the Federation of Danish Industries is working when they grant assistance as service bureau, or ask for the help of politicians. Eighty percent of Danish industrial exports stem from the 20 percent large enterprises, and this will also be the case in the future. The efforts of furthering Danish industry will concentrate on helping some of the small enterprises become larger enterprises.

"The large enterprises need no other help than the one stemming from a good economic climate and a reasonable, long-term policy," the chairman of the Federation of Danish Industries concludes by saying.

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INCREASE IN DOMESTIC CONSUMPTION REGISTERED FOR 1985

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 Sec III p 6

[Article by Vogg Love Nielsen and Kristian Hjulsager: "Consumption Up in 1985"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Private consumption of durable consumer products such as cars and appliances led the way in the consumption increase for 1985. The increase in public consumption should be seen against the background of a decline in consumption in 1984. Inflation dropped in 1985 in relation to past years.

Domestic consumption rose around 4 percent in 1985, which is slightly less than the increase in 1984.

The volume increase in private consumption has been estimated at 2.5 percent for this year, but public consumption also rose in 1985, which should be seen against the background of a decline in public consumption in 1984.

Business investment activity, and thus expansion of the production apparatus, was at a higher level in 1985 than it was the year before. On the other hand inventory expansion--as assessed on the basis of available indicators--has not been as strong in 1985 as it was in 1984.

Consumption

Growth in private consumption in 1985 was similar to the 1984 level.

In 1985 growth was especially pronounced in the area of durable consumer products, passenger cars and trips abroad. But there was a volume reduction in consumption of food products, beverages and tobacco.

The sharp increase in household consumption of durable goods and passenger cars should be viewed against the background of declining interest rates in 1985.

The retail sales index for recent months indicates the prospect of a somewhat more restrained increase in consumption in 1986.

Price Trend

The inflation rate for 1985, based on the consumer price index, has been set at 4.7 percent, while the inflation rates for 1984 and 1983 were 6.3 and 6.9 percent respectively.

Here at the end of the year the rate of consumer price increases is at a noteworthy level compared with the situation at the beginning of 1985. In November 1985 consumer prices were 3.4 percent higher than they were in November 1984. In the half year period from May to November the consumer price index rose less than 1 percent.

All signs indicate that the favorable price trend will continue in 1986. Thus an inflation rate of around 3 percent for 1986 is extremely likely.

The dramatic decline in the Danish inflation rate is connected with the sharp decline in the price of imported goods.

The wholesale price index for 1985 as a whole will show an increase of around 3 percent compared to 7 percent in 1984.

Throughout 1985 there has been a very low increase in the price of raw materials. The annual average raw material price index is around 1 percent above the 1984 level, when the rate of increase was around 9 percent.

Thus it can be noted that the very favorable international influences on the Danish inflation rate in 1985 should have led to an even lower inflation rate than the one we had. Thus there has been a boost in Danish cost levels again in 1985.

Income

Normal wage growth in 1985 has been somewhat higher than the income ceiling that was set in connection with the spring contract negotiations.

For the year as a whole hourly wages for industrial workers will show a rate of increase close to 5 percent, which is comparable to the 1984 level.

In contrast to real wage declines in previous years, real wages were generally unchanged in 1985. There is a prospect of an increase in real wages in 1986.

Wages for salaried employees in the private sector have risen more than blue-collar wages. The Danish Bureau of Statistics' report on wages paid to salaried employees in September of this year showed an increase of almost 6 percent in average monthly wages compared to the same month last year.

For public employees in general there will continue to be a decline in real wages.

Residual income, the share of production results that covers self-employment income and yields and depreciation on production apparatus, rose a good 7 percent in 1985, while the rate of increase in 1984 was close to 11 percent.

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MODEST INCREASE IN JOBS, PRODUCTION IN 1985

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jan 86 Sec III p 6

[Text] Major Trends

A record number of people worked in 1985. For the second year in a row the increase amounted to almost 60,000. Unemployment in 1985 declined by a good 25,000.

At around 23 billion kroner the balance of payments deficit also set a record high, but foreign debt increased by only around 8 billion kroner because of exchange profits due to the fall of the dollar.

In 1985 consumer price growth was 4.7 percent compared to 6.3 percent the year before.

Public consumption increased 1 percent in terms of volume in 1985, while 1984 showed a reduction of 0.5 percent.

The rise in household consumption was due primarily to purchased of durable consumer products, passenger cars and trips abroad.

Table 1. Key Figures for the Danish Economy, 1984, 1985
(percentage change in relation to previous year)

Sector	1984	1985
Production and employment		
Gross National Product (volume)	3.5	2.5
Industrial production (volume)	5.5	3.0
Employment (number)	2.5	2.5
Unemployment (number)	-2.5	-9.5
Consumption and investment		
Private consumption (volume)	2.5	2.5
Public consumption	-0.5	1.0
Fixed gross investments	12.5	14.0

Table 1. Key Figures for the Danish Economy (Cont.)

Sector	1984	1985
Foreign trade		
Imports of goods and services (volume)	6.0	7.5
Exports of goods and services (volume)	4.0	4.0
Terms of trade	-1.0	1.0
Prices		
Consumer prices	6.3	4.7
Wholesale prices	7.5	3.2
Raw material prices	4.2	1.0
Wages and pensions		
Industrial workers	4.8	4.7
Public employees	3.5	4.0
Pension recipients	8.0	8.5

More People Working

Preliminary figures indicate that only 35,000 new workers joined the labor force in 1985, leading to a reduction of around 25,000 in the number of those who were unemployed.

This was the second year in a row with a sharp increase in the number of people gainfully employed. The Danish Bureau of Statistics estimated in connection with the annual publication of preliminary figures for the national account statement, etc. that there was an increase of 59,000 in the number of people working in addition to an increase of 58,000 in 1984. The increases were due almost exclusively to a rise in the number of wage earners, since there was an estimated decline in the number of self-employed workers--especially in farming--amounting to 1000 in 1984 and 3000 in 1985.

The increase in both years has been largest in industry and in the construction sector, but the private services group (trade, transportation, finance and insurance, etc.) has also shown a respectable increase. Employment in the area of public services remained unchanged from 1983 to 1984 and had a slight increase (7000, e.g. 1 percent) from 1984 to 1985.

In 1984 there were 50,000 more people (net) on the labor market, so that the rise in employment produced a decline in unemployment of only 7000. The preliminary figures indicate that the addition to the labor force will be only 35,000 in 1985, meaning that there could be a decline of around 25,000 in the number of those who are out of work.

Production

While the number of people working in 1985 rose by 2 1/2 percent, production as measured by growth of the Gross National Product in terms of fixed prices (see Table 1) also rose by 2 1/2 percent. This could indicate that national productivity did not increase at all during the year, which seems unlikely. The reason for the apparent zero growth in productivity could be that production was underestimated slightly, but it could also be connected with the fact that employment is measured in terms of the number of people working. This does not take into account the number of work hours that were lost in connection with the labor conflicts this spring.

When production is broken down into sectors, the percentage volume increase was greatest for raw materials production, construction and electricity, gas, heat and water supply. Among the "big" sectors growth was highest in industry, while by contrast there was almost zero growth in agriculture.

Foreign Trade

A larger than optimal share of the production increase was consumed in Denmark, while exports did not increase as much as had been hoped. Exports of goods and services rose 4 percent in terms of volume in both 1985 and 1984. Imports rose 6 and 7 1/2 percent in these 2 years, meaning that 1985 will not show the planned improvement in the balance of payments situation either.

Although import prices rose less than export prices, thus improving the terms of trade by 1 percent, the overall effect of price and volume trends in foreign trade was a deterioration in the balance of trade. The Danish Bureau of Statistics has not yet determined the deficit for 1985 as a whole, but for the first three quarters of the year the deficit was 3.6 billion kroner compared to 1.0 billion for the same period last year. Bearing in mind the latest foreign trade figures the deficit for the year as a whole is expected to reach 6 or 7 billion kroner compared to 2.1 billion in 1984.

Due to the decline in international interest levels and the more favorable rate of the dollar the interest deficit will increase by "only" a few billion kroner to a total of around 25 billion kroner.

All in all the Danish Bureau of Statistics estimates that the 1985 balance of payments deficit will be around 23 billion kroner, compared to 16.9 billion the year before.

Foreign Debt

With a balance of payments deficit of 23 billion kroner, Denmark has set a new record. But although the deficit set a new record, net foreign debt increased by 8 billion kroner, the lowest increase since 1975, as shown in Figure 1. The reason for this favorable result is also the trend in the exchange rate of the dollar, which has meant an exchange profit on foreign debt of around 15 billion kroner. It is estimated that at the end of 1985 net foreign indebtedness will be 226 billion kroner compared to 24 billion at the beginning of 1975.

Since 1976 foreign debt has increased year after year, partly because of the constant balance of payments deficits and partly because of the unfavorable trend in the exchange rates of loan currencies. From 1981 to 1984 foreign debt increased by 118 billion kroner to 218 billion and half of that increase was due to exchange rate losses.

The decline in the exchange rate of the dollar from around 11 kroner at the end of 1984 to around 9 kroner at the end of 1985 indicates a change in the bleak picture of constant exchange rate losses added to substantial balance of payments deficits.

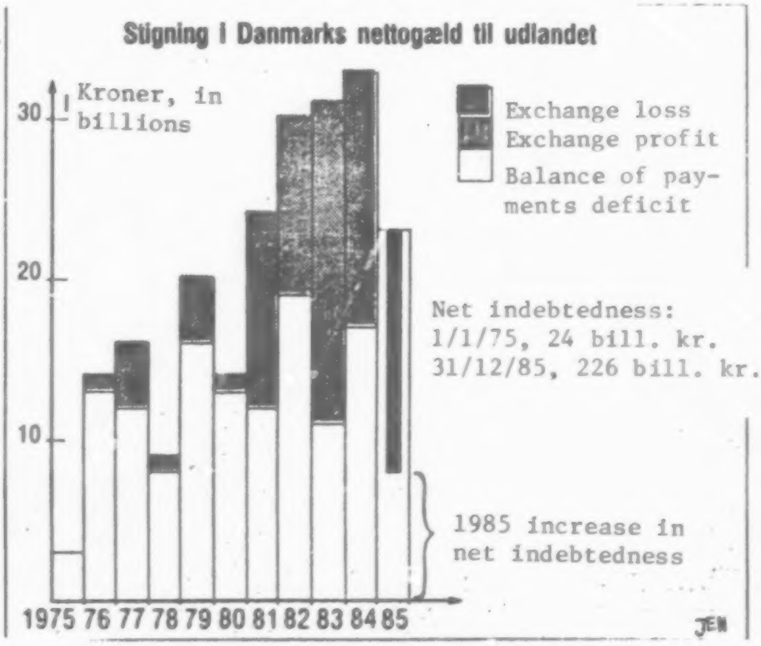

Figure 1. Increase in Denmark's Net Foreign Debt

1985 was the first year since 1975 in which foreign debt did not increase as a result of exchange losses. The decline in the exchange rate of the dollar in 1985 led to an exchange profit of around 15 billion kroner.

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ECONOMIC

DENMARK

PRODUCTION OF ELECTRIC CAR TO START IN AUGUST

Copenhagen BERLINGSKE TIDENDE in Danish 9 January p 8

[Article by Finn Knudstrup]

[Text] The consortium behind 'Denmark's national car,' the electrically operated Hope Whisper, has now secured half the capital needed to proceed from the prototype stage to the actual serial production.

Whisper's 'father,' Thure Barsøe Carnfeldt, tells BILEN:

"A total of 1,500 people and firms have, so far, subscribed for shares in the Whisper partnership. We are thus half the way. If we manage to obtain the remaining 1,500 partners by April, we would be in a position to start a serial production in August--and I am absolutely confident that we shall manage to get the desired 3,000 partners."

"Does it not alarm you somewhat that the people behind the other Danish car, Logicar, did not manage to procure sufficient capital?"

Thure Barsøe Carnfeldt: "No, that was a pity, but the Logicar and Whisper projects are entirely different. Logicar was not shown as a completed car. We are able to do that in the case of Whisper, which is ready to start and has been approved by the authorities in this country, in West Germany and in the United States,

In addition, Logicar is a traditional car in an untraditional design, while our Whisper is untraditional both to look at and to drive."

Danes Cannot Build a Car Themselves

"Besides," says Barsøe Carnfeldt, "I do not at all believe that the Danes are able to build a car."

"Which is to say that we are compelled to fetch expertise in countries with a tradition for building cars. Such expertise we have ourselves had to fetch from West Germany when we realized that it is not possible to create everything oneself."

"What will happen to Whisper if you do not get enough capital via partners?"

"I do not know, for I believe we shall succeed. I feel convinced that there is an interest in and belief in an alternative and pro-environment means of transportation--primarily for urban traffic. However, should we not succeed in obtaining the sufficient number of subscriptions, we shall have to resort to the more costly solution of raising traditional bank loans," says Barsøe Carnfeldt.

He adds that, "irrespective of the superficial press," it is still a fact that the Whisper consortium has entered into a framework agreement with a company in the United States for the delivery of 226,000 cars over a 10-year period.

The first year--probably in 1987--1,000 Whispers will be shipped to the United States, the following year 5,000, the third year 10,000, and so on.

Same Price as for a Rekord GL

The electric car from Hadsund will in August sell for 68,000 kroner in the street and inclusive of a set of batteries, designed to last for 3 years and yielding up to 100 kilometers of driving at 60 kilometers per hour on an even road without headwind--per charge.

Once the batteries have been used up, Barsøe Carnfeldt expects new types of batteries offering longer duration and more power, to be on the market.

The low sales price is due to the fact that Whisper like other electric cars is exempt from tax at its registration

If the car were taxed like gasoline or diesel operated cars, the price would probably have been in excees of 200,000 kroner.

The price of 68,000 kroner for Whisper may thus not be compared directly with the price of a car such as a Fiat Uno.

For if the taxes were removed from a conventional car, one would be free to choose between Whisper and a brand-new 2-liter Open Rekord with four doors and GL equipment!

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CSO: 3613/56

STATISTICS OFFICE REVISES POPULATION FORECAST UPWARDS

Copenhagen BERLINGSKE AFTEN in Danish 20-26 Dec 85 p 3

[Article by Frede Vestergaard]

[Text] Women in their thirties are increasing the birthrate markedly. In its most recent population prognoses, the Department of Statistics, therefore, has made an upward adjustment in the number of live births per woman from 1.4 to 1.7 child. That means that, according to the prognosis, Denmark may now expect a population figure of 4.7 million instead of 4.2 million in the year 2025.

The birthrate is increasing anew. Last year, it increased by 1.9 percent, and this year it has increased by another 4.8 percent during the first 3 quarters of the year, compared with the same 3 quarters last year. The figure, however, is still too low for Denmark's population figure to remain at its present level of 5.1 million.

The increase during the last couple of years, however, has been large enough for the Department of Statistics, in its new population prognosis, to assume that Danish women, in the future, will have an average of 1.7 child instead of 1.4, as has hitherbo been the basis. There is, however, still a long way to 2.1, which is the fertility quotient that is necessary for the population figure to remain unchanged on the long view. However, if the fertility quotient remains at 1.7, other things being equal, the population figure will, in the year 2025, amount to 4.7 million, as against 4.2 million at 1.4 live birth per woman.

There is also a long way to the fertility level that existed before the birthrate started declining. As late as in the first half of the sixties, the fertility quotient per woman averaged 2.6 children.

The most sensational feature of this development may be the fact that it is women in their thirties who are causing the increase in the birthrate. And, to a large extent, it is a question of women who have not had children previously who are now having, at least, one child, after having got into their thirties, it appears from the statistics.

What is happening these years is that the first female age brackets with responsibility for the sharp decline in the birthrate which occurred in the years after 1966, are now approaching the time when it is no longer normal, though perhaps still possible, to have children.

The big question to population statisticians has, all the time, been whether these generations of women will catch up with the births that they lack, compared with the preceding generations.

The answer is now coming in for the first of these age brackets. Some of these women are in the process of making up for the lack of births in their thirties. To them, it has been a question of postponing their childbirths. But, to others, it has been a definitive decision that they did not want to have children. The percentage of women remaining childless is beginning to increase, says Professor Poul Christian Matthiessen, a population statistician. This, coupled with the fact that less women than previously end their childbearing age by having more than two children, causes these female age brackets, when combined, to have less children than previous female age brackets, but the decline in their childbirths is not as large as, for some years, it appeared to become.

Incidentally, it is still too early to make any predictions as to the increase in the number of women remaining childless over previous years. Professor Matthiessen, at least, does not want to make any predictions until the first of the said female age brackets have fully completed their childbearing age. What the statistics are saying is that 11.2 percent of the 35-year-old women in 1984 were childless, whereas, in the case of women who were 35 years old in 1979, the percentage was 9.8. The statistics do not indicate much more than this, for only with the women who were born in 1945 did statisticians start following the number of children each individual woman would have. That is why it is not possible to make comparisons with years farther back than 1979.

Incidentally, there is nothing unusual in the history of Denmark for women to have children at a late age, says P.C. Matthiessen. That was also the case 100 years ago, when the average age for women to marry was the age of 27. At the time, marital relations as well as births started late. Marital relations now start early, but effective prevention makes it possible to postpone births till a considerably later point of time in one's life.

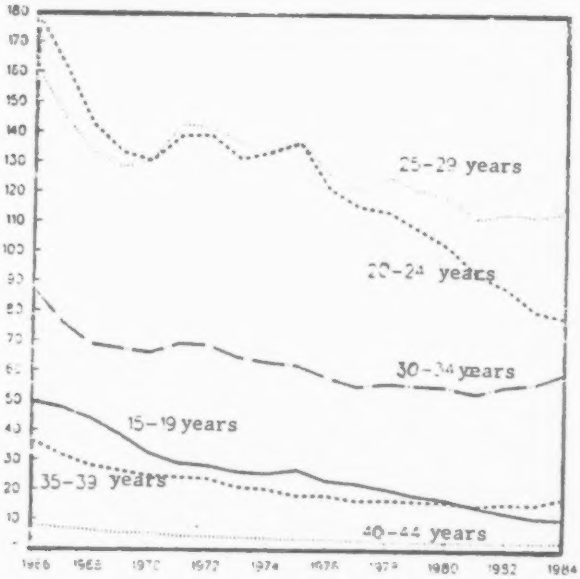
Incidentally, this development has some interesting socio-psychological consequences, says Professor Matthiessen, for example, the parents attending the parents' meetings in schools are much older, which may become important to the teachers.

Tine Bryld's Myth

The graph shows that the reason for the increase in the birthrate over the last couple of years is the so-called fertility quotient for 30-34 year-old women and, to a certain extent, also for the 35-39 year-old women, whereas the fertility quotient for 25-29 year-old women has become stabilized. On the other hand, there has of recent years been a decline in the birthrates for 15-19 year-old women as well as for the 20-24 year-old women.

There are thus no instances in support of the claim advanced by Tine Bryld, a social worker, and which is being vigorously used in the public debate, viz. that, in their search for identity, very young, unemployed women not only start living with a person of the opposite sex, but also have children, at a very early age. The statistics show that this is a complete myth without any basis whatsoever. The figures, on the contrary, show continued drops in the birthrates for 15-19 year-old women, which will also appear from the graph.

Number of Live Births per 1,000 Women



The figure shows the age-determined fertility quotients 1966-84, i.e., that it is possible to see from the graph the number of children that 1,000 women, for example, in the 5-year age group 20-24, had in 1984, viz. 80. In 1966, the women who, at the time, belonged to the same age group, on the other hand, had no less than 180 children in a single year. During the first 6 months of 1985, the trend toward rising birthrates for women in their thirties continued, the Department of Statistics reports.

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CSO: 3613/56

ECONOMIC FRANCE

LARGE INCREASES IN GOVERNMENT BORROWING ANNOUNCED

Paris LES ECHOS in French 29 Nov 85 p 2

[Article by Henri-Paul Vanel]

> [Text] Just after dropping the "bombshell" about the 1985 budget deficit, the government announced yesterday the launching of a national borrowing program of 20 billion francs. It is the largest increase ever announced directly by the Treasury, which will thus have borrowed about 95 billion francs over the entire year on the financial market.

The glimpse of the increase in the 1985 budget deficit, given Tuesday during the Council of Ministers, explains the Treasury's desire to raise 20 billion francs on the financial market under the form of OAT (Comparable Treasury Bonds).

In this emergency, "the volumes warrant the conditions," the bank officials in charge of the operation--PARIBAS and the CIC--admitted frankly. Actually, the year's final government borrowing program is presented in two mixed parts and in terms which will be attractive to investors, whether individuals or institutions.

The first part, for a minimum of 5 billion francs, is for a 6-year period, payable in fine (December, 1991), composed of bonds of 2,000-franc face value, with a nominal rate of 9.9 percent, issued at 98.5 percent of the face value (or 1,970 francs), resulting then in a calculated yield of 10.25 percent. These bonds are designed to attract private individuals who are favored by the fixed rate and the relatively short terms, as well as foreign investors, who are generally discouraged by terms of 7 years and longer.

The second part, also for a minimum of 5 billion francs, is for a term of 12 years, payable in fine (December, 1997), represented by bonds with a face value of 2,000 francs at a nominal rate of 9.9 percent, issued at 96.65 percent of face value (or 1,933 francs) and with a calculated yield of 10.4 percent.

These bonds will be exchangeable every year, beginning with the first year, between 14 December and 14 February of the following year, against TME [expansion unknown] bonds, discounted .75 percent. This results in a negative margin of -24 percent.

Success

This variable part of the government borrowing program, offering an option for exchange, is the equivalent of a revisable rate with a floor of 9.9 percent--a formula which will appeal to institutional investors (monetary SICAVs [Variable Capital Investment Companies], insurance companies...).

The immediate success of this second part, whose rates, they say, are perfectly calibrated, will somewhat overshadow the first part, which has a fixed rate, and even moreso since many professionals are selling "short paper" to get through the long term. "But the Treasury and the banking institutions heading up the project have done their job well," the experts admit.

Voluntarism guided the choice of formulas to insure the possibility of raising a maximum of 20 billion francs (a record for an initial amount), without drying up the bond market and upsetting the evolution of rates.

"Once burned, twice wary," one expert commented, recalling the half-success of the last OAT bond auction (10 billion sought, 7.5 billion received).

One can also see, in any case, that the Treasury's need to raise cash does not cease to increase: 51 billion in 1983; 89.7 billion in 1984; 95 billion in 1985. The tapping of the primary market by the government becomes heavier, then, with the third bond issue in 2 years representing 26 percent more than in 1983. And these needs of the Treasury will continue for about 10 years, independently of how the budget deficit evolves, and solely due to the fact that old obligations, of increasing amounts, are now falling due.

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ENERGY NORWAY

OCEAN FLOOR SINKING UNDER OIL PLATFORMS; OFFICIALS CONCERNED

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 11

[Article by Flemming Dahl: "Bottom Sinking, Price Rising at Ekofisk Field"]

> [Text] The people who take care of the construction and operation of the oil and gas fields in the North Sea are prepared to deal with unforeseen problems. Nevertheless they were mildly surprised--and deeply concerned--when the suspicion arose over a year ago that the ocean floor under the platform legs at the Ekofisk field had sunk by roughly 2 meters.

The oil companies and public officials concerned immediately realized that both the platforms, which since the beginning of the 70's have required billions of kroner in investment, and the workers at the field could be in a dangerous situation.

They also realized that it could thereby be much more difficult than they had expected to bring up the large quantities of oil and gas which are still in the reservoirs under the ocean floor--oil and gas which according to plans should bring in billions in income every year until far into the next century.

Furthermore they fully understood that problems at Ekofisk could mean problems for a number of other Norwegian oil and gas fields, because Ekofisk was developed as a pipeline junction for taking oil and gas ashore from the other fields.

Survey

The experts involved were not slow in starting extensive work to survey the situation:

o Was the suspicion well founded--were they correct, the oil workers who said that the platform decks had come closer to the surface of the ocean than they had originally been?

o Had the sinking process already stopped or was it continuing, and at what rate?

- What could be done to protect the platforms and the people and the continued production of oil and gas at Ekofisk, and the continued piping of products from other fields via Ekofisk?

Satellites

Measurement operations which involved the use of American satellites showed during the following months that the ocean floor had actually sunk by about 2 meters. And continued measurements showed that the sinking process was continuing at a rate of about 1/2 meter per year.

Of course the platforms had about 20 meters to go before the decks disappeared beneath the surface, But the major concern was the high waves in the North Sea--waves which in the worst case could sweep over the platform decks with catastrophic results.

During the past year, therefore, large amounts have been invested in temporary protection of the platforms and the people at Ekofisk: Exposed equipment and exposed workplaces have been moved higher up on the platforms.

Gas Sales Reduced

At the same time steps have been taken to check, or in the best case stop, the sinking process. Much of the gas which is produced together with the oil is sent back into the reservoir to maintain the pressure, with the result that delivery of gas to customers has been reduced by about 25 percent in relation to what the customers originally expected, which also results in reduced income to the oil companies and the Norwegian treasury.

There have been ideas for further measures, but final decisions have not yet been made. Such decisions are expected in 1986, when the experts expect to study the extent to which the sinking is continuing after the return of gas to the reservoir has had time to work.

Current Measures

- They may not only continue the so-called reinjecting of Ekofisk gas, but also they may purchase gas from other fields to maintain the pressure.

- Platform legs could be jacked up.

- They may also invest in injecting nitrogen into the reservoir, something which could require the construction of an entirely new platform for nitrogen production.

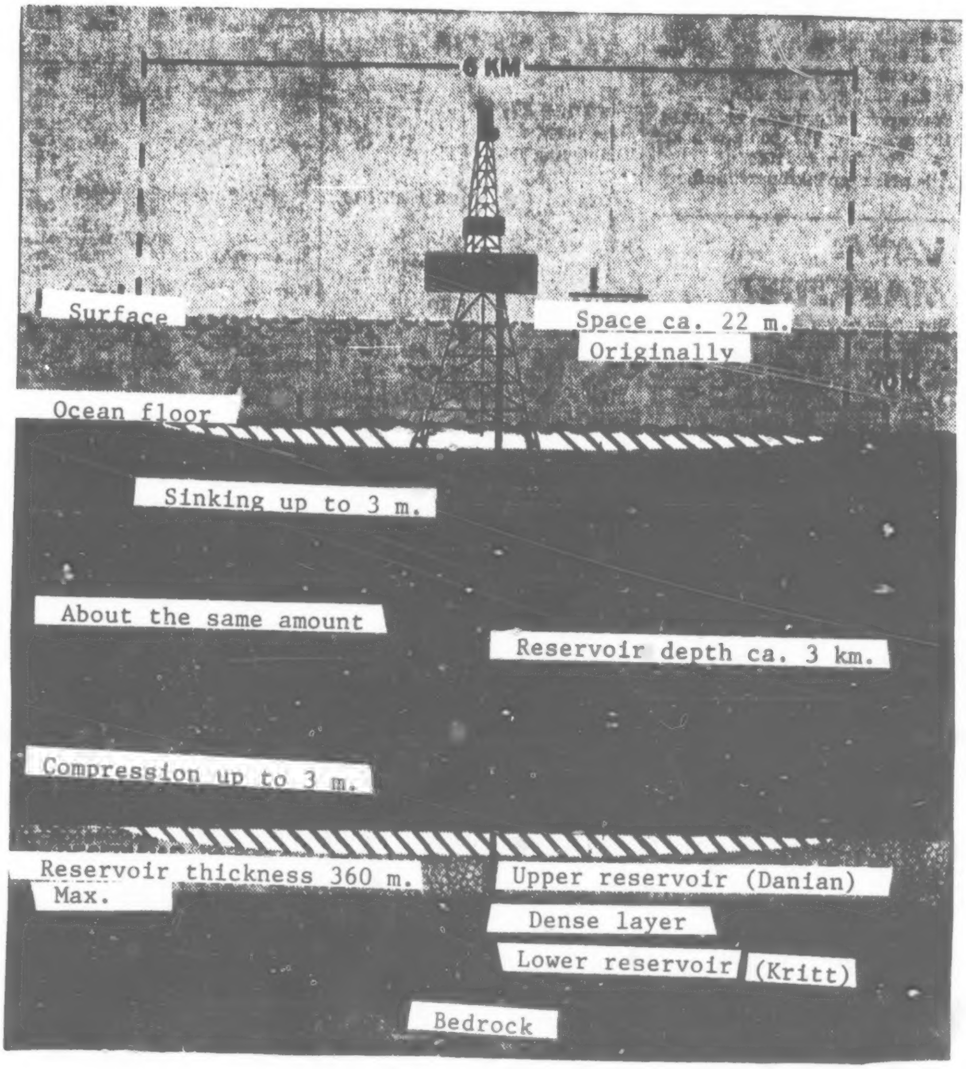
- They could also construct large breakwaters on the ocean floor in the vicinity of the platforms--breakwaters in the form of old tankers or specially constructed concrete blocks--to reduce the size of the waves before they hit the platforms.

- They could also build new pipelines outside the Ekofisk junction in order to protect future transport of products from other fields.

The experts have apparently gradually been convinced that the sinking problem can be solved, but they still wonder about how many billion kroner the solution will cost.

Meanwhile the oil companies and the authorities console themselves with the thought that oil and gas production at Ekofisk will continue to be very profitable despite extra investments in the billions.

One centrally placed person reminded us that the extra investments must almost be unbelievably large before profitability declines to zero because, as he said, "One should clearly understand that hardly any project on the Norwegian continental shelf has been so profitable as Ekofisk."


6 KM
Surface
Space ca. 22 m.
Originally
Ocean floor
Sinking up to 3 m.
About the same amount
Reservoir depth ca. 3 km.
Compression up to 3 m.
Reservoir thickness 360 m.
Max.
Upper reservoir (Danian)
Dense layer
Lower reservoir (Kritt)
Bedrock

9287
CSO:3539/55

NEW ANTARCTICA EXPEDITION PLANNED FOR 1987-1988

Oslo AFTENPOSTEN in Norwegian 3 Jan 86 p 38

[Article by Torill Nordeng: "New Antarctic Expedition Being Planned"]

> [Text] Planning for a new Norwegian Antarctic expedition is gradually getting started for the 1987-88 season. It has not been decided what kind of research will be carried out, who will participate, and what ship will be used. During February, however, the Ministry of Environmental Affairs will receive the first outline plan from the Norwegian Polar Institute. In the meanwhile, however, Antarctic researchers have their hands full with followup work from the expedition of last year, the largest and most expensive that Norway has ever conducted.

It is now one year since the coast guard ship "K/V Andenes" with 28 scientists aboard pushed through the ice to Queen Maud Land in Antarctica. The program was ambitious, and it was carried out. It is estimated that the expedition cost 25 million kroner. It is not known how much money will be appropriated for the new expedition.

Advanced Research and Primitive Conditions

Norwegian Antarctic research has long traditions, and the results are noted all over the world, but by international standards the sums expended on Norwegian efforts are small. A subject which is discussed in polar research circles in this country is whether the spirit of Amundsen--with tents, sleds and such--is causing too much delay in the work. "When will Norwegian scientists have their own permanent summer station at Queen Maud Land?"

Scientific work in the Antarctic is difficult for everybody. Much of the time on land is used to maintain life. Every year a flotilla of fully loaded ships depart from all corners of the world, headed south. Research is conducted on land and sea. Certain ones remain through the winter in well-equipped stations. For others it is the world's seventh continent, where 98 percent of the land is covered with up to four kilometers of ice, and it has become an attractive tourist target. Majestic icebergs. animals that are not afraid of people and a light unlike anywhere else, such pictures remain on the retina of all who have been there.

Unfortunately accidents happen now and then in the Antarctic. On New Year's Eve a chartered Chilean aircraft crashed with 10 people on board. All were killed, eight Americans and two Chileans, on their way to celebrate New Year's Eve at a Chilean base. The cause was the terrible Antarctic fog which obliterates the difference between earth and sky.

German Thoroughness

One of the countries which has really demonstrated its desire to conduct Antarctic research is West Germany. A new polar research institute has been established in Bremerhaven, and at sea down around Antarctica sails the world's most advanced research platform, "F/S Polarstern." It cost just under 300 million Norwegian kroner to build and equip the ship. It is earmarked for tasks in the Arctic and Antarctic. This winter a Norwegian scientist has a billet on board. Four other Norwegians are participating in American and Italian expeditions.

Sweden is also strengthening its Antarctic expertise. A polar research secretariat has been established. The goal is expeditions and a consultative status within the Antarctic Treaty. There is also a certain interest in participation in the gradually growing "Antarctic Club" by neighboring Finland. Eighteen nations have signed the treaty.

A Flag Issue

While ships today sail under the flags of Norway, Weat Germany, United States, Soviet Union, India, Australia, South Africa, Poland, France, Italy, Argentina, Great Britain, Chile, Brazil and China, a proposal has been made to place Antarctica under the flag of the UN. The time for such a discussion is approaching. In 1991 the 30-year-old treaty will be reappraised.

A powerful and not always admired supporter of the proposal is Greenpeace. That organization's flag will soon wave in Antarctica. A Greenpeace ship is on the way south. The organization will establish a four-man wintering over station in a place not announced. The word is that the Antarctic is open for all, and that includes Greenpeace. They want a world nature park owned by the people.

Hardly a living organism in Antarctica has been overlooked by Norwegian biologists. The krill is central. It is eaten by whales, birds and seals. More peripheral is the colembolene, small creatures resembling insects which survive in the cold thanks to a protective substance in their blood. Penguins fascinate everybody, but studies of these animals show that even in the Antarctic global polution cannot be avoided. There are traces of heavy metals in the liver and flesh.

Geology, glaciology, meteorology, botany, oceanography and marine geophysics are all included in the Norwegian research plan. During the last expedition extensive seismic investigations were conducted of the ocean floor in the Weddel Sea. Still none of the participants will predict the future of oil in the south and what other resources might be found.

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END

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REPORT ON PROPOSAL TO CONVENE 17TH ITALIAN COMMUNIST PARTY CONGRESS

Milan L'UNITA in Italian 23 July 1985, pp 9-11

[Text] 1

At this meeting of the Central Committee and Central Control Commission we have to discuss and decide on the proposal adopted by the Directorate to convene the 17th PCI National Congress by spring 1986, 3 years after the last one in March 1983 and in accordance with the normal procedures laid down in the party regulations.

The need for in-depth deliberations and discussions involving the entire party and culminating in a national assembly was in any case recognized and clearly emphasized at the Central Committee session in May. We believe that the congress option can provide the most suitable and valid answer to this requirement. It is clear, however, that it is recommended and dictated to us by a combination of political reasons and primarily by the changes and innovations--including some very considerable ones--that have come about in recent years or that are occurring in our country's life and in the international field.

For the present a brief and objective mention of the essential factors will suffice.

During this period the people have been consulted four times in Italy, with a rapid succession of varying results.

Since 1983 there has been the experience of a five-party government headed by a socialist. Sharp tensions and a particular atmosphere of conflict within the Left have come about over the government's approaches and conduct in the economic field, while the elements of internal tension which have characterized this phase of the five-party coalition are still in force: A stocktaking of the past 2 years must in any case be carried out.

The recent election of the president unquestionably constituted a positive factor in improving the political climate and political relations,

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